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The Madison Journal of Co-operation

Vol. XLIX



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**The George Town
Co-operative Bank, Ltd., No. 8512.**

(The Premier Urban Bank in Madras State)

**No. 29, Krishnappa Naicken Agraharam Street, Madras-1
(Registered in 1923).**

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DR. P. NATESAN, M.B., B.S.

VICE-PRESIDENT:

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SRI B. MANICKAVASAGAM	SRI N. T. MURUGAPPA MUDALIAR
SRI S. SESHACHALA IYER	

Authorised Capital Rs 5,00,000.

Working Capital Rs. 50,00,000.

FIXED AND OTHER DEPOSITS ARE ACCEPTED AT RATES
MENTIONED BELOW.

(A) FIXED DEPOSITS

6 Months	4½ % P. A.
1 Year & upto 3 years.	5 „

(B) OTHER DEPOSITS

(i) Current.	½ „
(ii) Recurring.	6½ „
(iii) Savings-members.	2 „
(iv) do non-members	1½ „

(C) (i) LENDING RATES

Loans on Houses, Jewels, Fixed Deposits
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(ii) Surety Loans. 7-13/16 % P.A.

There are more than 5,000 members who subscribe towards
Recurring Deposits in the Monthly Savings and Loan Fund which
runs to 84 months.

Further particulars can be had from the undersigned:

S. R. MANIVANNAN,
Secretary.

THE
Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

Journal of the Madras State Co-operative Union, Esplanade, Madras I

HONY. EDITOR :
P. NATESAN, M.B., B.S.

ASSOCIATE EDITOR :
C. M. JANARTHANAM, B.A., B.COM.

OCTOBER 1957.

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THOUGHT FOR THE MONTH
Co-operation—A Business and A Faith

I regard it (Co-operation) as the typical and most representative product of the age : because it combines high aspirations with calm and strenuous action, and because it sets itself to develop the spontaneous energies of the individual, while training him to collective action by the aid of collective resources, and for the attainment of collective ends. It has points of affinity with many other movements ; but it is like no other. Other schemes for developing the world's material resources are equally practical and equally business like, *but they have not the same direct aim to improve the quality of man himself.* Other schemes for social reform have equally high aspirations, but they have not the same broad basis of patient action and practical wisdom. What distinguishes Co-operation from all other movements is that it is at once a strong and calm and wise business, and a strong and fervent and proselytising faith.

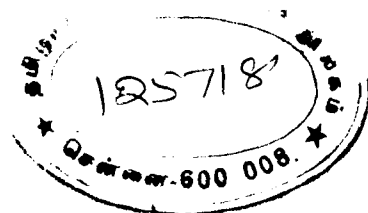
—*Professor Alfred Marshall*
at the XXIst Annual Co-op.
Congress, at Ipswich, 1889.

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ON THE COVER

Sri K. Kamaraj, Chief Minister of Madras is seen addressing the Co-operators of Kanyakumari district at Nagercoil on the 14th September, 1957, when he inaugurated the Kanyakumari District Co-operative Central Bank. Sri A. Palaniappa Mudaliar, M.A., I.A.S., Registrar of Co-operative Societies, Madras is also seen in the picture. With the inauguration of the Bank, the total number of Central Banks in Madras State has increased to 15.



Editorial Notes

ALL INDIA CO-OPERATIVE WEEK CELEBRATIONS

The All-India Co-operative Week will be celebrated with great enthusiasm as a national festival throughout the length and breadth of India from 2nd November 1957 to 8th November 1957 and millions of co-operative members will be participating in the celebrations, both in the cities and villages. We have sent out appeals to co-operative institutions in this State to celebrate the Week in a fitting manner; likewise we are making arrangements to celebrate the Week in the City of Madras. The Week will be inaugurated in the City of Madras by Sri K. Kamaraj, Chief Minister of Madras.

Sri K. D. Malaviya, President of the All-India Co-operative Union and Union Minister for Mines and Oil has issued a stirring message. "Let us recall on these days what Co-operation stands for, its basic tenets, its role in the life of the community and take a pledge to dedicate ourselves to the cause of Co-operation." He has very rightly stressed the importance of co-operative education for members and has appealed to all the members and office-bearers of the co-operative institutions to take advantage of the member-education schemes worked out by the Co-operative Unions in the country.

Dr. Punjabrao S. Deshmukh, Union Minister for Co-operation has emphasised the importance of Co-operation, when he said that "the creation of the Co-operative Sector has been accepted as one of central objectives of national policy." He is very anxious that Co-operation must be made a living force and with that object in view, he has appealed to his countrymen to create the neces-

sary climate and atmosphere, in which the spirit of Co-operation can thrive and Co-operative activities can be promoted with ease.

On this occasion, it is exhilarating to note that our Prime Minister, Pandit Jawaharlal Nehru has recently made a powerful plea for the development of the Co-operative Movement in these words: "*Co-operation is the key to his (farmer's) future growth and the Co-operative Movement, thus must spread over the country and comprise all the villages and peasants of this vast land. Indeed, the Co-operative Movement should enter into the life of the peasant in as many ways as possible and together with the Panchayat, must be the main bulwark of our rural structure.*" Surely the inspiring message of the Prime Minister would create a favourable climate, in which co-operation would thrive with all freshness and vigour.

Internationally, more than 120 million co-operators in 39 countries have taken a pledge to bring about enduring prosperity and social well-being through the unrestricted extension of co-operation both within and between nations, to reduce the hardships suffered by millions of under-nourished, under-housed and under-educated men, women and children in the economically less-advanced countries through a world-wide system of mutual aid by the United Nations and to bring about peaceful collaboration among the nations in the employment of nuclear energy for human welfare.

Thus, we do hope that the celebration of the All-India

Co-operative Week would bring home to the people the necessity for the adoption of co-operative ideals in life, so that Indians may attain a better standard of life and better form of democratic society. We are equally certain that with an intense world-wide awakening of co-operative consciousness, there shall emerge a New World, where mutual strifes would give way to mutual aid, poverty to plenty and gloom to happiness.

Tamil Nadu Co-operative Conference at Madurai

We have great pleasure in informing our readers that the 13th Tamil Nadu Co-operative Conference would be held at Madhurai on the 28th and 29th December 1957. The Madhurai District Co-operative Central Bank Ltd, has come forward to conduct the Conference as per the request of the Tamil Nadu Co-operative Federation. A Reception Committee with Sri A. M. Maduraipulli Gounder as President, Sri R. K. Veerappa Naidu as Vice-President and Sri V. Alagappan as Secretary has been formed.

The Conference is meeting at a time, when many crucial problems relating to the Movement, like the question of marketing finance, the problem of co-operative farming, cottage industrial co-operatives are calling for urgent solution. We are also meeting at a time, when the long awaited amalgamation of the Madras Co-operative Union and the Tamil Nadu Co-operative Federation would become a reality.

We appeal to all the co-operative institutions to send delegates to the Conference and make it a resounding success. We also request all the co-operatives to

render necessary financial assistance and make the Conference a great success.

Marketing Finance and the State Bank of India

We have been receiving a number of representations from co-operatives protesting against the reported transfer of the function of financing marketing societies from the Reserve Bank of India to the State Bank of India.

In a recent Rajya Sabha debate on Rural Credit, Sri B. R. Bhagat, Deputy Minister of Finance, in reply to a question by Shri P. S. Rajagopal Naidu said that:—

"(a) At the instance of Government, the Reserve Bank of India constituted an Informal Committee.

(b) and the Committee has recommended that:

(i) the advisory, developmental and co-ordinating functions in relation to agricultural credit should continue to be with the Reserve Bank; and

(ii) the State Bank of India should endeavour to meet the credit requirements of agricultural marketing and processing."

The above reply has caused considerable concern in the minds of co-operators. We have in our editorial columns already presented our case for the retention of the rural credit function with the Reserve Bank of India. We have then argued that the Reserve Bank of India, as the Central Banking Institution of our country is eminently fitted to dispense rural credit in an efficient and dynamic manner. Further, it has been pointed out that the Reserve Bank's role in

the Integrated Credit and Marketing Scheme envisaged by the All-India Rural Credit Survey Committee will be of crucial importance.

If the State Bank of India is entrusted with the function of financing marketing and processing societies, then the whole fabric of the Integrated Credit and Marketing Scheme will be affected. As per the above scheme, the marketing societies are to be the agencies to sell the produce and recover the dues of the members of the credit society and remit it

to the Central Bank on behalf of the Credit Society. If the Co-operative Bank has to finance credit societies and the State Bank of India, the marketing societies then it will introduce two financing agencies and create a number of difficulties. The Integrated Credit System will not work successfully. Therefore, we once again appeal to the Government of India to drop the proposal to transfer the function of financing marketing and processing societies from the Reserve Bank of India to the State Bank of India.

All India Co-operative Union

72, Jorbagh Nursery, New Delhi-3

DECLARATION OF THE I.C.A.

On the 35th International Co-operative Day, the International Co-operative Alliance, in the name of its affiliated organisations and over 120 million co-operators in 39 countries, declares—

That enduring prosperity and social well being can be attained through the unrestricted extension of Co-operation, both within and between nations ;

That the hardships suffered by millions of under-nourished, under-housed and under-educated men, women and children in the economically less-advanced countries. can be lightened through the development, by the United Nations, of a world-wide system of mutual aid, within which the nations can share their technical, scientific and material resources ;

That the future of humanity can be assured and enriched if Governments turn from a policy of mutual menaces, with weapons of increasing terror and destructiveness, to peaceful collaboration in the employment of nuclear energy for human welfare.

All India Co-operative Week

Saturday, the 2nd to Friday the 8th November, 1957.

MESSAGE FROM HON'BLE SHRI K. D. MALAVIYA,
President, All India Co-operative Union
and
Union Minister for Mines and Oil.

It is my pleasant privilege to send you my warm greetings and that of the All India Co-operative Union, on the occasion of the celebration of the All India Co-operative Week. With the millions of co-operative members celebrating the Week simultaneously in the country, the Week has now become an event of national importance. Let us recall on these days what Co-operation stands for, its basic tenets, its role in the life of the community and take a pledge to dedicate ourselves to the cause of Co-operation.

You are all aware that the Co-operative Movement has to play a very significant part in improving the earnings and the social and economic well-being of the rural people in our country. Programmes of development in the sphere of rural credit, marketing, processing and warehousing and other economic activities have been included in the Second Five Year Plan. Cottage and small scale industries are also to be developed on co-operative lines. Co-operation, in fact, is to pervade the entire economic life of the rural community.

It is heartening that the Prime Minister expressed this faith of the country and made recently a powerful plea for the development of the Co-operative Movement in these words: "Co-operation is the key to his (farmer's) future growth and the Co-operative Movement thus must spread all over the country and comprise all the villages and peasants of this vast land". Further, "Indeed, the Co-operative Movement should enter into the life of the peasant in as many ways as possible and, together with the Panchayat, must be the main bulwark of our rural structure".

But who are to develop the Co-operative Movement? How can it become a powerful movement so that it can fulfil these aims? There is only one answer to these questions—that the Co-operative Movement cannot become strong and successful, unless every Co-operative Society, that it comprises, is a strong and vital institution in each and every village. True that the State is going to assist financially and technically to strengthen and develop the co-operative societies. But I do not believe that a co-operative can become really strong without the active and enlightened participation by the members in its affairs and

without capable office-bearers aware of their duties and the techniques of management. All this presupposes knowledge of the principles of Co-operation and its practice on the part of the members. Let every co-operator ask himself how far he meets this standard. If not, let him search for knowledge and ask his co-operative to provide it.

I may bring to your notice in this connection the education courses being organised by the All India Co-operative Union and the State Unions in a few districts in every State. I appeal to the members and office-bearers of the co-operatives in these areas to take advantage of them. Elsewhere, the district co-operative organisations should organise camps and study circles to educate the co-operative membership. It is my firm belief that the Co-operative Movement cannot become a peoples' movement and succeed in a true sense, unless we organise co-operative education co-extensive with the Co-operative Movement.

I hope you will dwell upon the few thoughts I have placed before you and celebrate the Co-operative Week not in terms of the letter of the programme drawn up for the Week but in its real spirit and with full understanding of the significance of Co-operation.

MESSAGE FROM HON'BLE DR. P. S. DESHMUKH,
Union Minister for Co-operation.

The creation of the co-operative sector has been accepted as one of the central objectives of national policy. The adoption of this policy by Government is a land-mark in the history of the co-operative movement in this country. In order that to materialize this concept early and fully, a suitable programme has been evolved to fit in with the existing socio-economic conditions and our national aspirations. Plans have been drawn up for the development of an institutional credit structure together with a marketing organisation on the basis of state-partnership at all levels. This framework is generally known as integrated development of co-operation, which is to be strengthened and supported by a number of specific processing units, such as, sugar mill, cotton gin and by a chain of godowns at important centres of trade. The programme is under execution.

It is a people's movement and its success depends upon their intelligent appreciation and active participation. It is, therefore, necessary that we should create the necessary climate and atmosphere in which the spirit of co-operation can thrive and co-operative activities can be promoted with ease. Co-operation must be made a living force and with this object in view we should plan to launch a vigorous drive to explain to the people the place and importance of co-operation in every field of our economic activity.

We have to come out of the narrow groove of thought and outlook and unite with other co-operators for the common task of improving our economic condition. No one of any consequence in our national life should be content with the existing state of affairs, when large section of our brothers and sisters live in sub-human conditions. In a country like ours, where labour is abundant but the capital is scarce, co-operation offers an ideal field for mobilisation and productive utilisation of the abounding manpower and proper husbanding of the scanty capital resources. Thus, co-operation has come to be a national need: and, therefore, nothing is too great or too little a contribution towards the success of this movement. But to make it an effective means for raising the living standard of the people we have to devote ourselves more and more to the actual work, organisation and management of the societies; for, a well managed co-operative will help to draw the people much more readily into the co-operative fold than any theoretical or philosophical discussion on it.

The celebration of the All India Co-operative Day and the Co-operative Week is intended to bring home to the workers in the movement and to the public the importance and the necessity of the application of the co-operative technique and the adoption of Co-operative ideals in pursuit of life, so that the concept of the Socialist Pattern of Society finds its expression in concrete forms of democratic action in every sphere of human endeavour. I have great pleasure in having been associated with these celebrations on this scale from the start. I send my best wishes to the All India Co-operative Union which has undertaken this fine task and all brother and sister co-operators.

JAI HIND

SPECIAL ARTICLES

Co-op. Credit and Marketing in the Madras State

By

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S.,

Registrar of Co-operative Societies, Madras.

1. Introductory.

Madras is among the earliest States in India which introduced the Co-operative Movement to solve the problem of agricultural credit. And the first Rural Credit Co-operative Society in Madras was formed in August 1904 at Tirur Village in the Chingleput District. Thanks to the pioneering enthusiasm, organising skill and sustained efforts of official and non-official co-operators over half a century, Madras has built up a sound co-operative credit system of which any State may well be proud. There is to-day in Madras State, a well-knit, stable and strong co-operative credit structure with an apex co-operative bank at the State level, central co-operative banks at the district level and a number of primary credit societies at the village level all over the State.

2. Position on the eve of the Second Five Year Plan Period.

The Madras State Co-operative Bank, which is a federation of the central co-operative banks had on 30-6-56 a paid up share capital of Rs. 16.14 lakhs and a working capital of Rs. 8.55 crores of which Rs. 5.06 crores represented deposits. Its Reserve Fund amounted to Rs. 27.00 lakhs. It finances all the central banks in the State which provide credit to the large number of primary societies of various types such as credit, marketing, consumers', weavers' etc. It obtains fund from the Reserve Bank of India for the financing of seasonal agricultural operations and the marketing of

crops and also for purposes ancillary to agriculture at a concessional rate of interest, the rate being 2 per cent below the bank rate. The State Co-operative Bank is also the medium through which the Cess Fund is channelled for provision of working capital to weavers co-operatives. The Madras State Handloom Weavers' Co-operative Society, which is the apex co-operative society for all the primary weavers' societies in the State is directly financed by this bank. During the year 1955-56, the bank advanced loans to the extent of Rs. 4.50 crores of which Rs. 2.97 crores represented loans for agricultural production and marketing.

The 14 central co-operative banks at the district level had on their rolls 9,352 societies with a paid up share capital of Rs. 72.65 lakhs and a Reserve Fund of Rs. 45.45 lakhs on 30-6-56. They issued loans to the extent of Rs. 12.34 crores during the year ended 30th June 1956, of which Rs. 6.37 crores represented advances to credit and marketing societies.

The agricultural credit societies of which there were 10,701 on 30-6-56 and which constitute the pivot of the co-operative financing system had Rs. 11.41 lakhs of members with a paid up share capital of Rs. 168.42 lakhs and a total working capital of Rs. 9.52 crores. The loans issued by them during the year 1955-56 amounted to Rs. 5.68 crores of which nearly 97 per cent were for productive purposes.

The "Rural Co-operative Banks" recently established provide medium-term agricultural credit and banking services to the rural population. There were 26 such banks with 14,486 members and a paid up share capital of Rs. 8.60 lakhs on 30-6-56. The deposits held by them from members and non-members amounted to Rs. 9.43 lakhs. During 1955-56, they lent Rs. 36.07 lakhs to their members.

On the side of long-term agricultural credit, Madras has the pride of place with its Central Land Mortgage Bank at the State level and 72 primary land mortgage banks now operating throughout the State. The funds needed by these banks are raised by the Central Land Mortgage Banks by the floatation of debentures which are guaranteed by Government. On 30-6-56, the Central Land Mortgage Bank had a paid up share capital of Rs. 15.75 lakhs and a Reserve Fund of Rs. 15.98 lakhs. The debentures issued by the bank and in circulation on 30-6-56 amounted to Rs. 469.35 lakhs. The primary land mortgage banks had about a lakh of members with a paid up share capital of Rs. 30.13 lakhs on 30-6-56 and they issued loans during the year 1955-56 to the extent of Rs. 55.47 lakhs.

In the field of co-operative marketing of agricultural produce, there was a net work of 119 marketing societies each operating roughly over a taluk. There were Rs. 1.49 lakhs members in these societies with a paid up share capital of Rs. 21.69 lakhs on 30-6-56. Apart from lending to their members on the pledge of produce to enable them to hold it over for a favourable market, they also undertake the marketing of produce of their members. They play a useful part in the distribution of seeds, manures, agricultural implements, etc., to the ryots.

During the year 1955-56, they issued produce loans to the extent of Rs. 123.81 lakhs, marketed produce worth Rs. 221.95 lakhs and distributed agricultural requisites to the value of Rs. 50.89 lakhs.

As a result of the steady development of the co-operative credit movement in the State, the co-operatives covered nearly 65 per cent of the villages in the State and catered to the needs of nearly 24 per cent of the rural families, the quantum of credit provided, being roughly Rs. 6 crores during the year 1955-56. It was about this time that the Rural Credit Survey Committee's Report was published. While the Committee considered the performance of co-operatives in the sphere of agricultural finance as inadequate and poor, it was firm in its conclusion that there can be no alternative to a rural co-operative society in the matter of providing institutional credit at the primary level. It accordingly made several recommendations of a far-reaching nature for the reorientation and reorganisation of the co-operative credit machinery at various levels. The recommendations of the committee, which were generally accepted in principle by the State and Central Governments and by the non-official co-operators provided the basis for the formulation of detailed schemes for the expansion and development of co-operative credit and marketing for inclusion in the Second Five Year Plan.

3. Targets set in the Second Five Year Plan.

The scheme for the expansion of credit and marketing in Madras included in the Second Five Year Plan was drawn up in consultation with the representatives of the financing banks and marketing

societies and other leading non-officials connected with the Movement. The objective of the scheme is to extend the benefit of co-operative credit to not less than 50 per cent of the rural families by bringing at least 75 per cent of the villages in the State within the jurisdiction of co-operatives by the end of the plan period and to increase the volume of credit to three times its present size, so as to meet their credit needs to the extent of 30 per cent. The organization of nearly 300 large-sized societies known as Co-operative Agricultural Banks is an important plank in the programme of reorganisation and expansion of co-operative credit in rural areas. In fact, even before the Rural Credit Survey Committee had recommended the formation of large-sized societies at the primary level, steps had been taken in this State to organise, as an experimental measure, a new type of primary co-operative credit institution called the 'Rural Co-operative Bank' operating over a group of contiguous villages for meeting the credit needs of the villagers, particularly for medium-term agricultural purposes and also for providing a variety of banking facilities to the rural folk. The co-operator took to this experiment with much enthusiasm and not only did the banks come into existence quickly but they made striking progress within a short period of their starting. By 30-6-56 all the 26 banks, the organisation of which had been sanctioned by Government, had started work and they had 14,486 members with a paid up share capital of Rs. 8.60 lakhs. A remarkable feature in the working of these banks was that they were able to tap large funds locally. They held deposits of various kinds to the tune of Rs. 9.43 lakhs. In the matter of issue of loans also, they had done well, the total advances

made by them being Rs. 36.07 lakhs. The success of this experiment greatly facilitated the popularisation of the idea of large-sized societies.

Along side the formation of large-sized societies, the scheme envisages the development of the activities of the existing small-sized societies by bringing in more villagers into them and supplying their credit needs in an increased measure.

The scheme also provides for the organisation of 23 more land mortgage banks and the expansion of long-term credit through these and the existing banks. In accordance with the recommendations of the Rural Committee Survey Committee, State participation on the share capital and management of the co-operative structure has also been provided for. The State is to contribute to the share capital of the State Co-operative Bank, a total sum of Rs. 30 lakhs during the plan period for being passed on to the Central Banks for investment by them as share capital in the 300 large-sized societies to be formed in the plan period. There is provision for nomination of 3 representatives of the State Government to the Board of Management of the State Co-operative Bank, one representative to the Board of Management of each Central Bank and each large-sized society.

On the marketing side, the scheme contemplates the formation of 30 primary marketing societies so as to cover all market centres and mandies and to develop the business of all the societies according to a phased programme, the objective being that the marketing societies should handle about 10 per cent of the marketable surplus produce as against the present level of less than 2 per cent. Special emphasis has been

laid in the programme on the integration of credit with marketing by linking the credit societies to the marketing societies so that the agriculturists, who are given production loans by the credit societies may sell their produce through the marketing societies concerned. To facilitate marketing, the programme includes the construction of godowns by marketing societies and primary agricultural credit societies and the installation of processing units by marketing societies. The idea is that during the plan period, 245 godowns at a total cost of Rs. 40.65 lakhs should be constructed by the different types of societies and that 17 cotton gins and 15 groundnut decorticators should be installed by marketing societies. To co-ordinate the marketing and supply activities at the district level, the scheme provides for the reorganisation of the existing Co-operative Wholesale Stores into District Supply and Marketing Societies. There is also a proposal to form a State Co-operative Marketing Society at the appropriate time during the plan period. As in the case of the credit organisation, there is provision for state participation in the marketing organisation also. The establishment of separate processing societies such as Co-operative Sugar Mills, a cotton spinning mill, and sago manufacturing factories is also part of the scheme. Another important item in connection with the scheme for the promotion of co-operative development and marketing is the provision made for the establishment of a State Warehousing Corporation in the wake of the setting up of the Central Warehousing Corporation at New Delhi.

For the implementation of the scheme in all its aspects, suitable financial provision has been made

in the plan. The financial assistance provided for is towards the sanction of subsidy to large-sized societies to meet the cost of their managerial staff, grant of subsidy to the central banks for employment of additional supervisors for undertaking the developmental activities in the agricultural credit societies, provision of Government staff for managerial work in marketing societies, grant of loans and subsidies to the societies for construction of godowns and installation of processing plants. There is also provision for the constitution of a State Co-operative Agricultural Credit (Relief and Guarantee) Fund for meeting unforeseen losses sustained by financing banks as a result of undertaking the expansion programme and of a State Co-operative Development Fund for financing development programmes of credit and marketing not specifically included in the plan. Government also made suitable provision for the employment of a special staff for the implementation of the scheme.

4. Achievements during the First Year of the plan period.

Preliminary to the launching of the scheme on a State-wide basis, it was introduced as a pilot project in two taluks in each of four selected districts in the present Madras State. The response to the pilot project was encouraging and the 8 large-sized societies formed under the project made striking progress. They had enrolled by 30-6-56 4,441 members as against 3,063 only in the component societies at the time of their formation. Their paid up share capital had also increased from Rs. 0.69 lakhs to Rs. 1.13 lakhs. The loans issued by them amounted to Rs. 5.75 lakhs which was far in excess of the sum of Rs. 3.05 lakhs provided by the component societies during

the corresponding period of the previous year. The eight marketing societies that had been taken up for intensive development under the project had also made fair progress. Their membership and share capital had increased from Rs. 12,120 and Rs. 1.53 lakhs to Rs. 16,744 and Rs. 2.34 lakhs respectively. There was also an increase in the volume of marketing credit and marketing services provided by these societies after the introduction of the scheme. Encouraged by the results of the pilot project, Government ordered the extension of the scheme to the entire State towards the end of June, 1957.

As was done in the case of the pilot scheme, two taluks generally were selected for the intensive working of the scheme in each Central Bank area. While the formation of large-sized societies and the intensification of marketing activities were confined to these two taluks, a general expansion of the credit and marketing activities was also undertaken throughout the district.

Against a target of 90 large-sized societies for the year 1956-57, 76 societies were formed by the end of March, 1957. 19 more societies have since been formed, bringing the total number of large-sized societies formed in the State to 95. The formation of these societies was generally brought about by the voluntary amalgamation of the small sized credit societies in the area. Though power has been taken under the Madras Co-operative Societies Act for the compulsory amalgamation of the societies, there has been no need in any case to compel societies to amalgamate themselves into large-sized societies. These large-sized societies generally operate over 2 to 6 villages with a population of

5,000 to 10,000 and they are based on guarantee liability, the liability of the members being limited to 5 to 10 times the share capital subscribed by them. In the formation of these large-sized societies, the emphasis laid is not so much on the area over which they operate but the prospects of their development in the near future into self-supporting and economic units. Societies are formed if they afford scope for serving about 500 to 1000 families and transacting business to the extent of Rs. 1½ to 2 lakhs in a year, within a few years of their working. Besides providing short-term and medium-term loans for all purposes, large-sized societies undertake supply of agricultural requisites like seed, manure, etc. The Central Banks have deputed experienced supervisors to work as the paid Secretaries of these societies and they are making good progress. A comparative picture of the position of the component societies on the date of their amalgamation into the large-sized societies and of the large-sized societies themselves on 31-3-57 is given below:

	As on the date of amalgamation.	As on 31-3-57.
1 No. of members	28,830	44,080
	Rs. in lakhs.	Rs. in lakhs.
2 Paid up share capital	6.93	10.91
3 Deposits held	...	6.09
4 Loans issued from 1-1-56 to 31-3-57	...	44.27

It will be noticed that the membership and transactions have increased substantially. The large-sized societies disbursed loans to the extent of Rs. 44.27 lakhs in a period of 15 months between Jan. 1956 and March 1957 while the component societies had issued only Rs. 18.18 lakhs during the corresponding previous period.

While the average membership and paid up share capital per member were 108 and Rs. 15 in a small-sized society at the end of June 56, they were 600 and Rs. 25 in a large-sized society. The average loan per member also increased from Rs. 69 in a small-sized society to Rs. 137 in a large-sized society. The performance of these societies has thus been much better than that of the small-sized societies. Many of these societies have raised substantial share capital from their members with the result that they feel there will be no need for them to take the State's share capital through the central banks concerned even though the Government have provided a sum of Rs. 8 lakhs to the State Co-operative Bank for this purpose.

The organisation of small-sized societies wherever there was a need for them was also continued. During the year 1956-57, 182 societies were registered. With the employment of 110 additional supervisors by central banks with Government subsidy, it became possible for the central banks to reduce the number of societies in charge of each supervisor by a redistribution of the societies among them and the average number of societies per supervisor which was about 25 before the introduction of the scheme has come down to 18. Even this number is a little too large if intensive work in the societies is to be done. Proposals are, therefore, under consideration for subsidising the financing banks for employment of a further number of supervisors so as to enable them to reduce the number of societies per supervisor to 15 on an average. The central banks instituted a special drive for the enrolment of more members in societies and for augmenting the credit supply. A "Membership Week" was organised all over the State in January,

1957 and during this week alone 35,000 members joined the co-operatives. As a result of the various measures taken, the activities of the small-sized societies developed rapidly. The prompt supply of credit for production in an adequate measure being the objective of the scheme, a new method for ensuring quick disbursement of cultivation loans was evolved and the central banks were advised to adopt it. Under this method, the primary societies would fix credit limits for their individual members with reference to their holdings and credit requirements for cultivation and get them approved by the central banks in advance of the cultivation season. The central banks would then give overdraft accommodation to the societies to enable them to draw the funds needed to finance members as and when they apply for loans. The central banks are gradually introducing this method in the societies.

An interesting experiment in the expansion of co-operative credit has been launched in the Erode and Srivilliputhur firkas in the State, which are situated in the Community Development and National Extension Service Blocks. The objective is to provide the entire credit needed for production and marketing by the people in the area through the co-operative agency to the exclusion, ultimately, of Government loans in the shape of tikkavi loans also. All the villages in the two firkas have been covered by co-operatives and a special staff has been employed for working the scheme. The scheme was put into operation in the Srivilliputhur firka in December, 56 and in the Erode firka in February, 57. By 30-6-57, 31 per cent of families in the Erode firka and 20.3 per cent of families in the Srivilliputhur firka had been enrolled into the co-operatives as against 20.2

per cent in the Erode Firka and 12.4 per cent in the Srivilliputhur firka before the introduction of the scheme. The percentage of credit provided within the short period since the introduction of the scheme, was 12.8 per cent in Erode and 34 per cent in Srivilliputhur as against 9 per cent in Erode and 14 per cent in Srivilliputhur during a whole year prior to the commencement of the scheme. Efforts are being made to bring in 75 per cent of the families and meet not less than 65 per cent of their credit needs for production before the end of March, 58.

For the provision of long-term credit 6 new land mortgage banks were organised as targeted for the first year of the plan period and these banks and a select number of existing banks were subsidised for the employment of 49 additional supervisors at the rate of one supervisor each. With the help of additional staff, the land mortgage banks were able to expedite the investigation of loan applications and increase their business. They paid particular attention to the encouragement of Land Improvement and productive loans. With a view to raise funds at a lower rate of interest for financing land improvement, the Central Land Mortgage Bank floated 15 year debentures at 4 per cent backed up by 15 year mortgage bonds and this attempt was successful. The Central Land Mortgage Bank issued during the year 56-57 loans to the extent of Rs. 58 lakhs as against

Rs. 39.81 lakhs issued during the previous year.

The expansion measures indicated above brought about the extension of the co-operative credit movement to new areas and to a large section of the agricultural community in the areas already covered. On 31-3-1957, co-operatives were functioning in or operating over 71 per cent of the villages and were serving nearly 28 per cent of the rural families. Including the marketing finance provided by central banks and long term loans issued by the land mortgage banks, the total agricultural credit provided by the co-operatives amounted to Rs. 8.76 crores during the year which exceeded the target of Rs. 8.50 crores fixed for the year and exceeded the previous year's lendings by about 2.75 crores. The co-operatives supplied nearly 15 per cent of the credit requirements.

In the sphere of co-operative marketing, efforts were made to intensify the activities of select marketing societies situated mostly in the taluks where the credit scheme was in intensive operation. 4 primary marketing societies were newly organised and the activities of 35 primary marketing societies were developed. The following figures indicate the position of the societies at the time of introduction of the scheme and the progress made by them during the first year of the plan period:—

	Position before the introduction of the scheme.	Target for 1956-57.	Achievements upto 31-3-1957.
	Rs. in lakhs.	Rs. in lakhs.	Rs. in lakhs.
1. No. of members	72,738	84,200	81,179
2. Paid up share capital.	7.76	11.22	12.59
3. Loans on the pledge of produce	36.03	23.57	33.73
4. Produce marketed	89.87	107.73	74.72
5. Sale of agricultural requirements	51.56	51.56	58.20

27 of these societies were provided with State share capital to the extent of Rs. 2.20 lakhs. By way of integrating credit with marketing 584 societies were linked to the marketing societies and they provided during 56-57 cultivation loans to the tune of Rs. 18.72 lakhs. The value of the produce brought by the borrowers of these societies for sale to the marketing societies was Rs. 65.24 lakhs. 28 societies were sanctioned loans and subsidies amounting to Rs. 4.71 lakhs for the construction of godowns. The construction of 7 godowns was completed during the year and the remaining 21 godowns were under various stages of construction. For the installation of cotton gins by 4 societies and decorticators by 2 societies, Government sanctioned loans and subsidies amounting to Rs. 1.56 lakhs during the year. It cannot be said that the development of co-operative marketing kept pace with the development of credit. This was, no doubt, to some extent due to the fact that a good deal of preliminary work had to be done in connection with the integration programme. At the same time it has to be admitted that the advantages of co-operative marketing have still to be realised by the producers especially the small growers. There are obvious difficulties in such people taking their produce to the marketing societies for sale incurring transport and incidental expenditure particularly when they can find purchases at their doors. In a period of rising prices the small advantage that a producer can get by marketing his produce through the marketing society does not provide him the necessary inducement to take his produce all the way to the marketing society. If co-operative marketing should be effective, the societies should in

the same way as the private traders do, take hold of the produce from the growers in the village itself and arrange for its marketing to the best advantage of the producers. In fact, the societies will have to function just like the private traders in the matter of financing cultivation and the marketing of the produce, except for the fact that while the private trader has always his own selfish interest at heart, the co-operatives will operate in the interest of their members.

The establishment of co-operative sugar mills owned and managed by sugar-cane growers was a new line of development, undertaken in pursuance of the scheme. Three such mills were formed, one in the North Arcot District, another in the Chingleput District and the third in the Coimbatore District. They have raised substantial share capital from the growers and the Government have invested a sum of Rs. 25 lakhs in the share capital of two of them. Including the State share capital, the three Mills had a share capital of 60.18 lakhs on 30-6-1957. They have placed orders for machinery and are taking steps for the purchase of lands and construction of the necessary buildings. A co-operative cotton mill composed of cotton growers has also been registered at Srivilliputhur in the Ramanathapuram District. The peculiar feature of this institution is that it embraces not only the growers, who provide the raw materials for the industry but also the weavers' societies who would consume the finished products. The society has raised a share capital of more than Rs. 10 lakhs from members and will start functioning after it secures the necessary allotment of spindles.

5. Programme for 1957-58.

The scheme is being continued during the current year with redoubled vigour and renewed enthusiasm. 150 large-sized societies and 200 small-sized societies will be formed during the year. 76 small-sized societies have already been registered against the target of 200 societies fixed for the year. The target aimed at are to cover 72 per cent of the villages, to bring into the co-operative fold 35 per cent of the population and to provide credit to the extent of Rs. 11 crores representing about 18 per cent of the total credit needs of the cultivators. In extending the intensive part of the scheme to new areas during the year, the Community Development and National Extension Service Blocks have been selected so that full advantage may be taken of the staff and other facilities for expansion available in those areas. The large-sized societies will be formed mostly in these blocks and concerted measures will be taken for the effective integration of credit with marketing. At least one large-sized society in each block will undertake as an experimental measure, the supply of cultivation finance as far as possible in kind in the shape of seed, manure, etc., and arrange for the recovery of loans by the sale of the produce either by itself or through the marketing society. The question of providing subsidies to select small-sized societies for the maintenance of staff to expand their activities has been taken up and when this facility is provided, it is expected that these societies will make further strides and function more effectively than at present. 4 new land mortgage banks, 4 marketing societies and one co-operative sugar mill have been programmed to be organised this year. 15 more marketing societies have been selected for intensive development

so that there will be 50 marketing societies in the State for working the integrated credit programme. Each marketing society has selected at least one Community Development and National Extension Service Block for intensifying its marketing activity in that block. The Government have entrusted to co-operatives the distribution of the full quota of chemical fertilisers in the blocks and this facility, it is hoped, will aid the marketing operations of the societies. The construction of 50 godowns by the marketing and credit societies and the installation of cotton gins and decorticators by 4 marketing societies have also been programmed for this year. Suitable financial provision has been made for loans and subsidies to the societies for construction of godowns, loans to marketing societies for installation of processing plants and for the participation by the State in the share capital of marketing societies and co-operative sugar mills. With the establishment of the Central Warehousing Corporation at New Delhi by the Government of India, steps are under way for the establishment of the State Warehousing Corporation also. Co-operative marketing will receive an impetus with the establishment of this Corporation.

6. Conclusion

The implementation of these schemes has awakened popular interest in the co-operative movement and popular enthusiasm is a great asset for the planned expansion of the movement; for, in the ultimate analysis, the success of the movement will depend on the people themselves. Co-operation is essentially a peoples' movement and without the active participation of the people in it, no amount of State assistance, guidance or direction will yield satisfactory results. The increasing hopes that

are being entertained about the movement as an instrument of social and economic progress and as an aid to the attainment of a socialist society will be difficult of achievement unless the principle of co-operation is accepted by the masses and the people become co-operative minded and imbued with a spirit of working together for a common end. Enlightened leadership at various levels to guide and manage the co-operative institutions on sound business lines is a *sine-qua-non* of the success of the movement. Informed membership is the very basis of the progress of the movement. Accordingly a scheme designed to train the members, Panchayatdars, Secretaries or Presidents of co-operative institutions has been drawn up for imple-

mentation in the Second Five Year Plan period. It is proposed to implement this scheme on a pilot basis, in a few select centres for the year. Under this pilot scheme, training will be given at 12 centres to 50 members, 30 panchayatdars and 30 secretaries or presidents of co-operative societies in each centre. A propaganda van with audio-visual aids, magic lanterns, films on propaganda work in villages is also proposed to be provided under this scheme. With the measures taken for the promotion of co-operative propaganda and education among the masses, there is, no doubt, that more and more people will be drawn into the co-operatives and the movement will grow in its strength and utility.

The Co-operative Central Bank Limited, Vellore, N. A. District.

Telegrams: "COBANK"

Telephone No. 52.

Share Capital:

	Rs.
Authorised	10,00,000
Paid up	4,81,050

Reserve Funds:

Statutory	3,92,090
Others	1,78,788

All types of Banking business done and every kind of deposits accepted at favourable rates of interest.

B. Bakthavatsulu Naidu M.L.A.,

President,

Industrial Co-operatives in the Asian Region*

By

J. C. RYAN, M.A. I.A.S.

Chief Officer, Agricultural Credit Department Reserve Bank of India

I. Introductory

1. Cottage and small-scale industries occupy a position of special importance in the economies of the region, which is accounted for by various factors. Firstly, there is a surplus of farm population in these economies which needs to be taken away from the land to render the agricultural industry more economic than it would otherwise be. This problem, the acuteness of which increases with the growing population of these countries, can be met only if alternative employment for this surplus manpower can be found in small-scale or other industries. Secondly, the cottage and small-scale industries help to provide a subsidiary occupation to the agriculturist to correct his underemployment in the off-season. Thirdly, cottage and small-scale industries would help to meet the additional demand for consumer goods arising from heavy expenditure on planned programmes of development, which, in the absence of an additional supply of goods and services, is likely to lead to inflation. Fourthly, among other factors, the preference for a decentralised pattern of production as a means of avoiding the concentration of economic power in the hands of a few and of preventing the concentration of industry in some big cities, rendering them overcrowded and insanitary, also accounts for the emphasis on cottage and small-scale industries.

II. Advantages of Co-operative Organisation

2. The co-operative method of organisation is one of the most effective means of promoting cottage and small-scale industries. As in the case of other disadvantaged sections of the community, only this type of organisation can impart to rural or urban artisans and small industrialists the strength which individually, as weak units, they lack. Again, small units of these industries organised on a co-operative basis will be better placed than the individual units operating by themselves to overcome their well-known handicaps in regard to such matters as the procurement of raw materials, the supply of credit, the marketing of finished products and the effecting of technical improvements and standardisation of production. The co-operative is especially fitted for the supply of credit as it can provide the basis of mutual confidence and mutual help for the provision of credit on a large-scale to large numbers of workers. The co-operatives are also the best medium through which the government can implement policies aimed at the promotion of these industries as a part of its over-all plan for economic development. Further, the task of reaching many producers will be facilitated through the federal structure of co-operatives which will help in giving to the small units those benefits which can ordinarily be derived by large-scale organisation.

* Text of the lecture delivered by J. C. Ryan, M.A., I.A.S., at the I.L.O. Regional Training Course on Co-operation (Mysore). Source: Co-operative Information, 33rd year No. 1, 1957.

III. Industrial Co-operatives in India

(a) Weavers' Societies

3. Among the industrial co-operatives in India special significance attaches to the weavers' societies because they are larger in number than those of any other industry and provide employment to more people than any industry other than agriculture. The plan for development, of which a central feature was the organisation of weavers increasingly on a co-operative basis, has been directed towards making available better facilities for the supply of raw material, improvement in the techniques of production, supply of credit and sale of handloom products. It may be of interest to dwell in some detail on the features and the progress of this programme. The origin of this plan can be traced to an unprecedented crisis which faced the handloom industry in 1952 when the accumulation of large unsold stocks of handloom cloth led to a curtailment and even in some parts of the country to a stoppage of production, and a number of weavers were, in consequence, thrown out of employment. An All-India Handloom Board was set up to advise the Government on problems connected with this industry and to examine and recommend to the Government of India schemes for its improvement and development, which would be financed from the Handloom Development Fund built up from an additional excise duty levied on all cloth produced by mills for internal consumption.

4. Co-operative organisation of weavers having been recognised as the most effective method for the rehabilitation of the handloom industry, provision of loans to weavers for enabling them to take

shares in primary weavers co-operative societies and the provision of working capital for these societies were found necessary. For the former purpose, interest-free loans to not more than 25 per cent of the weavers who were outside the co-operative fold in a state could be given each year, up to 75 per cent of the share capital in the case of members joining new societies, and up to 100 per cent in the case of new members of existing societies. Towards working capital of societies, loans could be made up to Rs. 200 per loom in the case of new societies and up to Rs. 100 per loom for societies which dealt only in yarn distribution provided they agreed to convert themselves into production-cum-sale units. As regards marketing, sales depots opened by co-operatives were given financial assistance to meet their working expenses.

5. In view of the shrinking demand for handloom products, Handloom Board adopted two schemes for internal and external marketing respectively. Under the former, a central marketing organisation was established with headquarters at Madras and assigned the functions of studying the existing marketing conditions and exploring possibilities of further development, bringing to the notice of traders varieties of handloom fabrics produced in the various states and keeping the industry, in turn, informed of the changing fashions, popularising handloom fabrics by propaganda and publicity, co-ordinating the activities of the states in the organisation of weavers on co-operative lines and rationalising handloom production by research. Six regional offices of this organisation were opened.

6. The internal marketing of handloom fabrics was left to State Governments and co-operative

societies which were given grants for setting up marketing depots or emporia within their jurisdiction, subject to an average of Rs. 4,000 per depot or emporium. Mobile vans were provided on the basis of one van for every 75,000 looms subject to a minimum of one van for each State, provided, however, that it did not have less than 20,000 looms. Co-operative societies and state emporia were subsidised to grant a rebate of 9 to 18 pies* on every rupee of retail sales made by them in excess of Rs. 5. Apart from this monetary inducement, provision was also made for publicity to popularise handloom fabrics and grants were given for this purpose.

7. An External Marketing Scheme was launched, the main aim of which was to establish and expand foreign markets for handloom goods, particularly in the middle east and the south and south-east Asian countries by appointing four marketing officers to look after the emporia established in these foreign countries. The Madras State Handloom Weavers' Co-operative Society was to administer the scheme as the agent of the Handloom Board till alternative arrangements were made. The pay and allowances of the marketing officers were met in full by the Government of India and the cost of running the emporia at these centres was shared between the Government and the Madras Society in the ratio of 75:25. The services of the marketing officers were to be available to any manufacturer of handloom cloth, who was interested in export. Marketing offices under the scheme were set up at Colombo, Rangoon, Singapore and Baghdad. Emporia were also opened at Colombo, Singapore and Aden. Further, to

promote export business, the Government approved the grant of a rebate at a rate not exceeding an anna† per rupee on sales of handloom cloth for export, provided the cloth was exported by, or purchased for export from, a co-operative society. In due course, an All India Handloom Fabrics Marketing Co-operative Society was established to promote inter-state trade and for handloom exports. It has since taken over the export trade of the Madras State Handloom Weavers' Society.

8. Among the steps taken for improved techniques of production might be mentioned (i) the conversion of throw shuttle looms into fly shuttle looms, (ii) the addition of pick regulators to handlooms, (iii) the installation of experimental factories for new designs and patterns of handloom cloth, (iv) the establishment of calendering and finishing plants and dyehouses, and (v) the standardisation of products.

9. All these aids appear to have begun to yield fairly satisfactory results. The number of looms in the co-operative fold increased from 6.8 lakhs in October 1953 to about 8.5 lakhs by October 1955. The production of handloom cloth rose from 843 million yards in 1951 to 1,200 million yards in 1953 and 1,318 million yards in 1954. It was expected to exceed 1,500 million yards in 1955 and has now nearly reached this target. It will, therefore, be clear that, thanks to the many-sided efforts of the Central and State Governments, the handloom industry has been making great strides towards rehabilitation as well as development. In the Second Five Year Plan, it is envisaged that the production of handloom cloth

*192 pies = 1 rupee

†16 annas = 1 rupee

should increase from its present level to over 3,000 million yards per annum by 1960-61. A Five Year Plan for the development of the industry has accordingly been drawn up by a sub-committee of the All-India Handloom Board to bring about this increase in production. It is expected that about 14 lakhs of looms will be brought into the co-operative fold by the end of the five-year period.

10. Comprehensive data in regard to the position of weavers' co-operatives are available only as to the end of June 1954. There were, in all, 5,749 societies, the largest number of them being concentrated in Uttar Pradesh, Bengal, Andhra, Madras and Bombay. The value of finished goods sold by them during 1953-54, to the extent data are available, was Rs- 725.06 lakhs.

11. The Primary weavers co-operative societies consist of weavers who subscribe to their share capital at the rate of Rs. 25 per loom. In some cases, they are still supplying their members with yarn for cash or on credit, and the members dispose of their finished goods themselves; but by far the largest number of Primary societies now provide the yarn to the members, pay them piece wages, take the finished goods and market them on their own account, profit or loss being borne by them.

12. Apex weavers' societies have been organised in several states to co-ordinate the activities of the primaries and to provide them with common facilities such as the procurement of yarn and equipment, the sale of their products, the preparation of new designs and patterns, standardisation of production, calendaring of goods, dyeing yarn, etc.

13. Recently, it has been decided that the Reserve Bank of

India, instead of the Handloom Development Fund, should provide funds to weavers' co-operative societies for the production and sale of handloom cloth, while loans for other purposes and subsidies should continue to be dealt with by the Handloom Development Board. The Reserve Bank of India Act imposes the following conditions for financing cottage and small-scale industries.

(i) The bills of exchange and promissory notes to be purchased or discounted by the Bank or to form the security on which the Bank would make loans should bear two or more good signatures, one of which should be that of a State Co-operative Bank or a State Financial Corporation.

(ii) They should have been drawn or issued for financing the production or marketing activities of cottage and small-scale industries *approved by the Bank*.

(iii) They should mature within 12 months from the date of such purchase or rediscount.

(iv) The payment of the principal and interest in respect of them should be fully guaranteed by the State Government.

14. So far, only the handloom weaving industry has been approved by the Central Board of the Reserve Bank as eligible for being financed by the Bank under this provision. The following are the main features of the new arrangements proposed:

(a) With effect from 1st April 1957, credit facilities for working capital to weavers' co-operative societies will be made available by the Reserve Bank of India, through the Apex Co-operative Banks in each state. The loans will be made available by the Reserve Bank at $1\frac{1}{2}$ per cent. below the bank rate i.e., 2 per

cent. interest, and the co-operative banks will charge an additional 3 per cent. to provide for their margins. The ultimate rate to the weavers' societies would, therefore, work out at 5 per cent.; but it has been decided that loans should be given to the weavers' co-operatives only at 3 per cent. interest. The difference between this 3 per cent. and 5 per cent., viz. 2 per cent., will be given to the co-operative banks as subsidy from the Handloom Development Fund. The progress attained by the year 1958-59 will be reviewed to decide whether the interest charged to the weavers' co-operatives can be enhanced beyond 3 per cent.

(b) In respect of individual losses arising out of non-recovery of loans, the Government of India will bear 50 per cent., the state governments will bear 40 per cent. and the co-operative bank concerned 10 per cent. However, the loss to be borne by the Central Government shall not exceed 5 per cent. of the total funds disbursed to the handloom industry by the co-operative banks. This arrangement, too, will remain in force up to 1958-59, when the position will be reviewed.

(c) Adequate staff should be employed for the purpose of audit and supervision of weavers' co-operative societies. The scale of such staff has been suggested as under.

For audit

1 Auditor for every 45 primary societies. (The aim should be to have one annual audit and an interim audit.)

For supervision

1 Junior supervisor for every 10 primary societies.

* Rice-flour biscuits.

1 Senior supervisor for every 3 junior supervisors.

2 Designers for each deputy registrar's jurisdiction.

2 Inspectors for the apex bank, and

2 Inspectors for each central co-operative bank.

The expenditure on any additional staff required on this basis will be met from within the grant already available to state governments from the Central Government for organisational expenses. Where such grants are not adequate to cover the additional expenditure involved, the Central Government will meet 50 per cent of the additional expenditure over and above the grant.

(b) Other Industrial Co-operatives.

15. Much progress has not been made in the case of other industrial co-operatives in this country. As at the end of 1953-54, they were 3,339 in number and had a membership of 2,16,706. The value of their sales of finished products amounted to Rs. 174.58 lakhs. It was only in the state of Bombay that they showed substantial progress. Industry-wise, the important categories of these societies were leather workers' societies, carpentry and smithy societies, metal workers societies and oilmen's societies. Women's industrial co-operatives were promoted in various states as a means of encouraging thrift and developing handicrafts and home industries which were particularly suited to their genius. In all, women's industrial co-operatives were 169 at the end of 1953-54. Tailoring, knitting, embroidery, and the preparation of domestic requirements of daily use like pickles, *papads**, sweets, etc.,

constituted their business. Industrial co-operatives have also been established for the rehabilitation of displaced persons to set up industries known to them by obtaining for them the necessary raw material, equipment and credit.

16. Industrial co-operatives are usually financed by the state government or by co-operative central banks which finance other societies as well. The general experience has so far been that not much credit has been available to these co-operatives from either of these sources. The credit provided by the government has not always been given promptly and liberally, and, as far as co-operative central banks are concerned, representing, as they did, largely the interest of agricultural credit societies, they have generally not been enthusiastic about financing societies of this category, and have, in many cases, sought a government guarantee. In June 1955, the Government of India introduced a new scheme of financial assistance to industrial co-operatives, the main features of which are the following:—

(i) Two-year loans will be made to those who want to purchase shares of a society at the interest rate of $2\frac{1}{2}$ per cent the amount lent being thrice, the amount which the member can contribute from his own resources.

(ii) Ten-year loans at $2\frac{1}{2}$ per cent will be made for the purchase of land, equipment and raw materials, or the construction of buildings.

(iii) The loans will be advanced up to 75 per cent of the value of the security offered, which could be land, buildings, machinery, or stock-in trade, or even assets to be built out of the loans.

(iv) The Government of India would provide funds to the state governments for the purpose of augmenting the resources which the latter can provide in the shape of these loans, and losses, if any, resulting from such loans will be shared between the Government of India and the state governments in the same proportion as the funds advanced from each of the sources bears to the other.

17. With all these aids and with the setting up of national boards, viz. the All-India Khadi* and Village Industries Board, the All-India Handicrafts Board, the Coir Board, the Silk Board and the Small-scale Industries Board, it is expected that small-scale and cottage industries will spring up and develop in larger numbers. The distinguishing feature of the new policies is the integration of facilities for the supply of raw material, the provision of credit, the improvement of techniques of production and arrangements for assisting the sale of the finished products. For instance, as far as the small-scale industries are concerned, the following major steps have been taken:—

(1) Small Industries Service Institutes have been organised at various industrial centres. These institutes have, on their staff, experts on different industries, who go round and advise the various units on improvements of techniques of production.

(2) Supply of credit has been arranged on the terms mentioned earlier for individual industrial units and industrial co-operatives, the only difference between the two being that the rate of interest is $2\frac{1}{2}$ per cent for the co-operatives and 3 per cent for the rest.

(3) A National Small Industries Corporation has been established at Delhi which—

(a) obtains, for the industrial units, machinery needed by them on a hire-purchase basis;

(b) helps to obtain for them orders from the purchasing departments of the government;

(c) runs wholesale depots and mobile sales vans for assisting in the marketing of important products of small-scale industries; and

(d) runs mobile workshops in vans which demonstrate improved methods of production and service the tools of the artisans, etc.

(4) Industrial Estates are being established involving the provision of land and buildings, electric power and common servicing facilities for the small-scale industrial units.

18. The Government of India has accorded an important place to the promotion of cottage and small-scale industries in the country's Second Five Year Plan and have made an allotment of Rs. 200 crores* for the purpose. They have recognised that the co-operative form of organisation will have to play a significant role in making this programme effective and fruitful. Two types of co-operatives are contemplated; co-operatives of small entrepreneurs for obtaining certain common facilities such as the supply of raw materials, use of common finishing plants etc., and producers' co-operatives of the workers themselves. It is expected that the Second Five Year Plan will bring about a substantial degree of development for the cottage industries and, as part of it, for co-operative societies organised for these industries.

IV. Industrial Co-operatives in China.

19. Before making a reference to industrial co-operatives in some of the other Asian countries, it has to be confessed that the material available in regard to their present condition is negligible. It may be that this is due to the absence of development of small industries on any appreciable scale, on a co-operative or any other basis, in some of the countries. In China, the *Indusco* movement attracted world-wide attention during the years of the Sino-Japanese War, as a novel and effective means of bringing modern industry to rural China amidst conditions created by War. Capitalist industry in China was hardly developed and, to the extent it existed, was situated in certain big cities which are vulnerable from the point of view of enemy bombing. At the same time, various civilian and military requirements had to be met and, for this, industry had to function preferably in small units dispersed all over the country. The units had to work in such a manner that they could be transferred from place to place without attracting much attention. Another important factor in the situation was an acute scarcity of capital resources as well as technical skill, the Chinese economy having been predominantly agrarian. In these circumstances, the way out was to organise a decentralised pattern of industry on a co-operative basis. A number of small units thus came to be set up all over the country, which required limited technical skill and capital resources. This movement had wide popular appeal and received official support as well. Nearly 2,000 co-operatives were organised by the middle of 1942 and helped

* Hand-woven cloth made with hand-spun yarn.

*1 crore = 100 lakhs.

to meet the large and growing requirements of the civilian population and the war machine. The co-operatives were mostly of the self-governing workshop type carrying on joint production with materials and machinery held in common, though some co-operatives supplied credit alone or distributed raw materials and sold the manufactured goods. On the whole, the experiment seemed to have made a good start and showed promise of further progress. It was, in fact, reported to have helped, to a certain extent, to mobilise, for the purposes of industrial development, capital resources which were shy of private industry. In later stages, however, the *indusco* movement suffered a decline due to various causes, chief among which was the inflation, which gripped the Chinese economy. In view of the vast changes which have taken place in the political and economic conditions in China during the last decade, it may not be worthwhile to dwell at any length on the technical details of the working of the *induscos*, their federal organisation, contribution to welfare activities, improvement in techniques of production, promotion of activity among women, financing methods etc. We may pass on to the present position of industrial co-operatives in the People's Republic of China.

20. Three main forms of co-operation are stated to be in vogue for handicrafts in the People's Republic of China. The first is the handicraft producers' team which has only a few members, heads of families, master craftsmen etc. This team buys raw materials jointly from co-operatives or state trading concerns, or processes goods for them or sells manufactured goods to them. The second is the handicraft producers' supply and marketing co-operative,

which includes a number of handi-craftsmen and whose main function is to organise uniform action in their dealings with supply or marketing co-operatives, consumer's co-operatives etc., in buying raw materials, selling finished goods or accepting orders and contracts for processing. Production, however, remains individualistic. Here the membership includes all working members of families, apprentices and hired workers, apart from the master craftsmen and heads of families. The dividends of these co-operatives are not distributed among members but are set aside as reserves with which the co-operative gradually purchases and owns collectively tools and equipment for production. The third form is the handicraft producers' co-operative, in which production is centralised. There are two types under this third category. In one of these, the tools and the equipment remain owned by individual members and there is a unified management of the organisation of production. In the other type, the machinery etc., are the common property of the members and the profits are distributed according to the work done. Handicraft producers' co-operatives are reported to have generally demonstrated the superiority of co-operatively organised production over individual management. They are reported to be helpful in promoting among handicraftsmen an outlook in which individual advantage is subordinated to collective interest.

21. By the end of 1955, 4½ million handicraftsmen had entered co-operatives of one type or the other. The average productivity of labour in co-operatives is reported to be 44 per cent. higher than that of individual handicraftsmen. In the first Five Year Plan for the development of

the national economy of China, much emphasis is placed on the development of handicraft producers' co-operatives. It is claimed that the value of production of such co-operatives will multiply itself nearly 18 times during the period of the plan and the membership is expected to go up by about 10 times.

22. The fundamental principle of organisation of these co-operatives is that it is voluntary as laid down in the Constitution of the People's Republic of China, article 9 of which reads as follows: "The State guides and helps individual handicraftsmen and other non-agricultural individual working people to improve the management of their affairs and encourages them to organise producers and supply and marketing co-operatives voluntarily". The means of promoting such voluntary organisation are through persuasion, through the example of good and successful co-operatives and through assistance by the State. Thus, the First Five Year Plan observes: "We should, in accordance with the fundamental task of the State during the transition period, gradually lead handicraftsmen by persuasion on to the road of co-operation in the first five years and by giving them practical examples and state aid so that handicrafts' producers' co-operatives will become able assistants of state industry". As far as assistance from the State is concerned, it mainly takes the form of priority in getting government loans at a relatively low interest rate. The quantum of such assistance has been steadily on the increase and, by 1955, had nearly multiplied to eight times 1952 figure. Temporary reduction of taxes, if not complete tax exemption, and the purchase of used equipment and waste material at low prices by the

Government are other aids given to these co-operatives.

23. Two of the major problems in the development of co-operatives for handicrafts are stated to be (a) whether production in a particular field should be concentrated or scattered and (b) how the special art handicrafts are to be preserved and improved. As far as the former is concerned, handicrafts are broadly divided into three categories: (a) manufacturing crafts such as cotton spinning and weaving or foundries, (b) repairing trades, (c) special art handicrafts. In the case of the first category, concentrated production will be an advantage and, wherever possible, an attempt is made to bring the craftsmen together after ensuring the availability of suitable premises and equipment, competent managerial personnel and an adequate volume of work. In the case of the second category, dispersal is sometimes an advantage and such craftsmen are not disturbed but continue to remain scattered and sometimes itinerant. In the case of the third category, the question whether to concentrate them in an area is determined by the nature of the working process. In regard to some of these like carpet weaving, where several individuals are required to work together, concentration seems preferable, whereas, in the case of embroidery and other home crafts, it will not be an advantage. The Government of China has given special attention to the problem of preserving the art handicrafts and improving their quality. The older generation of artist handicraftsmen is being given assistance and encouragement such as facilities for travel and for the recreation of certain ancient skills which have been lost. It is expected that, by 1967, all handicrafts in which machinery can partly or fully

replace manual labour will be mechanised to the fullest extent possible. The co-operative organisation of China's handicrafts is expected to be completed by the end of 1956, and from 1958 onwards, a new phase of technical re-equipment is expected to start, as a result of which, by 1967, all handicrafts in which machinery can partly or fully replace manual labour will be mechanised to the fullest extent.

V. Industrial Co-operatives in Japan

24. To improve small-scale industries, the Government of Japan have taken various measures, of which one is the endeavour to get them organised, wherever possible, on a co-operative basis. Loans on easy terms, reduction in or exemption from certain taxes and payment of establishment expenses during the initial stages are some of the forms of state aid to industrial co-operatives. The subsidy given to co-operatives during the financial year 1954 amounted to the equivalent of U.S. \$833,000. The co-operatives are broadly of four categories: (i) Common Facilities Co-operatives, (ii) Credit Co-operatives, (iii) Joint Enterprise Co-operatives, and (iv) Federations.

25. (i) *Common Facilities Co-operatives*: Membership in these consists mostly of master craftsmen having under them a few artisans working as wage earners. These co-operatives assist the members in the field of:

(1) Production, manufacturing, purchasing, storing, transporting, sale, grading and inspection.

(2) Finding funds and making loans to members for purposes connected with their business.

(3) Operation of welfare facilities for employees of members, etc.

(4) Provision of educational facilities for improving the management and technique of business.

(5) Conclusion of mutual benefit contracts for their members for improving their economic standing, etc.

These societies were stated to number 17,683 at the end of 1952. They have helped to promote the independence of the small enterprises, which would otherwise be under the control of the financiers or traders.

26. (ii) *Credit Co-operatives*: The business of credit co-operatives, as their name implies, is to loan funds to members, discount bills for them and accept their deposits. Unlike the common facilities co-operatives, these societies can make loans even for purposes not connected with their business.

27. (iii) *Joint Enterprise Co-operatives*: These are authorised to conduct any lawful business jointly owned by the members in the field of commerce and industry, mining, transportation and related services. At the end of 1952, such Joint Enterprise Co-operatives numbered 10,205. Some idea of their working may be obtained from the following example. A Central Bicycle Industrial Co-operative Association had a membership of 14 manufacturers, 14 dealers and 7 wholesale merchants. Keeping their workshops to themselves and producing parts for the society, the manufacturers started a central workshop where the assembling, manufacturing of frames, lacquering, enamelling, etc. could be undertaken. As a result of a series of development schemes, the society reached a stage where it could make 1,400 cycles per

month. Each member produces some part at a competitive price and of standard quality, fixed by the association; bigger and complicated parts are made at the central workshop. The cycles made are stated to cost less than those of bigger industrial units. The production is adjusted to the orders given by the dealer-members with reference to colours, designs, etc.

28. (iv) *Federations*: At the end of 1952, there were 229 federations of any one of the three types of primary associations. Their functions have been defined as (i) the receipt of deposits, (ii) borrowing and lending of business funds, (iii) operation of facilities for member societies in the field of production, purchase, storage, transportation, etc. (iv) operation of welfare facilities, and (v) operation of educational facilities.

VI. Industrial Co-operatives in Burma

29. Co-operative activity among industries in Burma received a fillip after the last war. The organisation of societies of artisans for the supply of yarn, sugar, cloth, etc., which were in short supply was one of the features of this development. Subsequently, however, several of these societies suffered a set-back when supplies of several of these commodities became easier. But yarn continued to be controlled, and societies which had the distribution of yarn as an essential function, managed to survive. An interesting feature of the artisan societies in Burma seems to have been their mixed membership. Thus, in the same society actual workmen as well as master craftsmen were brought together. Such heterogeneous membership militated against internal unity and accounted for the slow progress of the movement.

30. Another feature of post-war industrial co-operative development in Burma was the emergence of a few societies of actual workers, which purchased raw materials required, engaged themselves in production at a common workshop and marketed their products. The industries covered by these societies included tailoring, confectioneries, cheroot-rolling, and machine repairs. Their difficulties were mainly those associated with the lack of marketing facilities, inadequate equipment, absence of managerial skill and incomplete application of co-operative principles. In all, by the end of 1954, there were about 280 registered societies engaged in one kind of industrial activity or the other, with a membership of about 36,000. Only 132 of these societies were reported to be operating actively. Some of the defects which characterised the working of these societies were inherent in the fact that the mass of the members was poorly educated. For instance, the basic principles of co-operation were not generally understood and master craftsmen could dominate the working of the societies. Even in workers' societies, outsiders had sometimes a dominating voice. The high overheads and the limited area of operations, in certain cases, made these societies uneconomic.

31. In 1951-52, the Government of the Union of Burma invited the I.L.O. and the U.N. to provide the services of four co-operative experts to study the condition of the movement in the country in its various aspects and make recommendations for its development. This mission, which stayed in Burma during 1952-54, made a series of recommendations, among others, for the development of industrial co-operatives. The major recommendation of the

mission was that 23 pilot societies should be started between 1954 and 1958 through which the Co-operative Department would become familiar with the methods of promoting co-operative organisation on the basis of improved techniques of manufacture. It was expected that from the actual working of these pilot societies, it would be possible to draw lessons as to the advantages and disadvantages of the organisation of different types of industrial societies and in regard to the scope for their expansion. The operation of these societies, simultaneously with the implementation of a training programme for co-operative officers, which had also been recommended by the mission, was expected to lay the foundation for the development of industrial co-operatives in Burma on a comprehensive scale. The other recommendations made by this mission include those associated with the expansion of the staff of the Co-operative Department to deal with industrial co-operatives, the training of personnel for these co-operatives, the assumption by the Union of Burma Co-operative Wholesale Society of the function of a federal "indusco" organisation for the time being pending the gradual building up of a separate federal organisation for induscos, and the devotion of greater attention to the development of artisan-induscos in preference to workers' induscos in the present-day conditions of the Burmese economy. One of the important schemes recommended by the mission relates to the establishment of co-operatively managed central servicing, demonstration and training units for the handloom weaving industry and one powerloom unit to be operated as a workers' co-operative. This is understood to be in the process of

implementation and is intended to provide the handloom weavers of the areas concerned with dyed yarn, which should reduce manufacturing costs, to provide demonstration centres for future mechanisation of the industry, and to enable handloom weavers to be trained as weavers on powerlooms.

VII. Certain Practical Problems in the Promotion of Industrial Co-operatives

32. Some of the practical problems which arise in the actual working and development of industrial co-operatives may be discussed now:

(i) It is worth while to emphasise, at the outset, that, while in the case of a few cottage industries like weaving, it is true that a good number of units are already in existence, units of other small-scale industries do not exist in large numbers in several countries of the region. Before starting these industries, it should be examined whether there is a minimum demand for their products. To put it in other words, it should be considered whether the industry concerned has a survival value, i.e., whether, even after obtaining various types of protection and assistance from the State during the promotional stage, the industry could be expected, within a foreseeable future date, to stand on its own feet, in competition with large-scale industries producing similar goods. Again, in pushing through a programme of industrial development, the importance of building up an army of skilled workers can hardly be over-emphasised. In most countries to-day, among other factors, it is the lack of skilled workers, which is holding up the emergence of an

increasing number of units of small industry, despite all the aids offered by the State.

(ii) It is often asked whether production in a co-operative should be on joint account or on individual account and whether production should be centralised in a factory or spread over the homes of individual workers. The answer to these questions has to be related to the specific circumstances of each case. Taking weavers' co-operative societies in India as an example, initially they were, in most cases, only societies for the distribution of yarn, with little production or marketing as part of their functions. Each weaver manufactured handloom cloth and sold it on his own account. When there was an acute shortage of yarn and the yarn was supplied to members at controlled prices, in certain cases the members found it more advantageous to sell the yarn in the black market rather than to make cloth out of it. To get over this difficulty, the societies took to giving yarn to weavers only to be made into cloth on the societies' account. The workers produced the cloth in their houses and made it over to the societies, for which they were paid wages. A special problem arose in the case of Malabar. Unlike in other parts of the Madras State, the practice in that area had been for weavers to work in factories where a number of handlooms had been set up. In 1952, when depression overtook the industry, the factories were closed down and weavers were thrown out of employment. Two co-operative societies were organised, as the way out. Each of these societies had to be a co-operative weaving factory, the cloth had not only to be produced on the society's account but it had to be produced in a common production centre

and not in the weavers' houses. There are thus certain circumstances and certain industries in respect of which production on the co-operative society's account has to be undertaken in a common production centre; in others, even though it may be on common account, production has to be decentralised. In still other cases, production has to be on the individual's own account, and the society can only help with raw materials, credit and marketing facilities.

(iii) Another problem faced in the organisation and successful working of industrial co-operatives is that presented by the existence of master craftsmen who, by virtue of their strategic position in the industry, are able to defeat the objects of the society. It is obvious that the formation of a co-operative society directly affects his livelihood; but he has the knowledge of the techniques and of the market and the ability to offer leadership to the industry, and these talents should, if possible be obtained for the service of the society. At the same time, it should be ensured that he does not sabotage the working of the society form within. Here again, the approach has to be pragmatic rather than dogmatic. As in the case of the weavers' societies in India, in the initial stages, it may not be possible to bring in the craftsmen unless the master craftsman is also brought into the society. It might be necessary for a few master craftsmen to be brought into the society for a time. The actual control and direction may have to be in a Board of Management of the society which consists of representatives of both craftsmen and master craftsmen. The latter could be eliminated in due course of time as independent craftsmen

become available in larger numbers. In the case of the weavers' co-operative factories in Malabar it was found expedient to employ the owners of the two factories purchased by the societies as the paid managers of the societies.

(iv) The mechanisation of cottage and small-scale industries is a controversial issue. The harnessing of power for industrial production enlarges output; but at the same time it displaces labour. It would, therefore, be wise to introduce the change-over gradually and according to a phased programme. Here again, the handloom weaving industry provides an illuminating example of the problems to be faced. The policy of the Government of India has been in favour of a phased replacement of the handloom by the powerloom; but the handloom weaver has not generally been able to appreciate the potential advantages of such a change and there has indeed been considerable resistance to this move. The case of weavers in a village called Somannur in the Madras State is enlightening in this regard. Two handloom weavers, who switched over to powerlooms, assisted by a loan from the Central Co-operative Bank, were able to multiply their net income *four times* in a few months, as a result of this measure of modernisation. Their standard of living increased. Their example led to a wide-spread demand for powerlooms from many more handloom weavers of the village. But, at the time, yarn was in short supply and under governmental control. They could not be helped to substitute powerlooms for handlooms. This situation gave rise to the idea of starting a co-operative spinning mill for supplying weavers with enough yarn. Rs. 40 lakhs were contributed by about 1,000 primary weavers' societies and

their apex society as share capital and a co-operative spinning mill was erected at Guntakal. It possesses the most up-to-date machinery and has been able to supply yarn to the member weavers' societies at a price lower than that charged by private spinning mills. Despite this low price, it has been making handsome profits out of which the weavers' societies get a share as dividend and as bonuses on yarn purchased. While this mill produces only 700 bales of yarn per month as against 7,000 bales needed by the weavers' societies, it indicates the way in which shortage of yarn can be overcome for replacing handlooms with powerlooms. The labour displaced thereby need not be unnecessarily alarmed. In Somannur, while the handlooms used to be operated by all the members of the families including ladies and children, the introduction of the powerloom made it possible for the housewife to be free to attend to her domestic duties and for the children to attend school, which they could not do earlier.

(v) Promotion of thrift is of great importance in an industrial society. Apart from the general significance of thrift, it might actually represent, for the industrial worker, the means of improving his productive equipment or his living conditions. In the case of the Yemmigamur Weavers' Society, in the Andhra State, which is, incidentally, one of the best examples of such societies in India, the practice was for one anna per rupee to be compulsorily deducted from each day's wages and credited to the weaver's savings account. At one stage, it was found that they had each about Rs. 400 to 500 to the credit of the savings account. This helped them to make their

initial contribution to a co-operative housing scheme in which the Government provided each of them with a long-term loan of about Rs. 3,600 to help them build a house of the value of about Rs. 4,000. To help repay this loan, the thrift contribution was raised from one anna to two annas, and thus the weavers have now got houses, which they are gradually making their own by repaying the government loan. The potentialities of the promotion of thrift in industrial societies are immense and should be explored.

(vi) Marketing is, in many ways, the crux of the problem of developing small-scale and cottage industries whether on a co-operative basis or otherwise. Hence, the organisation of co-operatives for industries should be considered from the marketing end, that is, on the basis of whether a large and steady market for its products exists or could be developed. Again, the most appropriate organisation for marketing should be determined. Whether it should be the primary producing unit itself having a shop or a show room at the producing centre or elsewhere, or whether it should be a central co-operative marketing organisation of producers' societies of one or more types should be settled. What place should be assigned to government marketing organisations and what to private marketing agencies in this regard are questions which should be decided on the merits of each case. A few general considerations in deciding these matters may be indicated. Would the business be adequate to enable a shop to pay its way if a primary society were to have a show room or a sales depot of its own at the centre proposed? Would there be enough business to justify a

central organisation of a particular type of industrial co-operatives alone? Are there enough primaries in existence to federate into a central co-operative organisation, or is it necessary for the Government to take the initiative and set up a marketing organisation, which would help to promote the small industries by providing them with a market, so that when they have been fairly developed they might build up a sales organisation of their own? Is the type of business such that the private trader is the best agency through whom the product can be marketed, the society being spared the difficulty of making its own contacts with the various individual units constituting a specialised market? The answer to these questions will differ from one type of society to another, one industry to another, and from one State to another and it is not possible to lay down any one principle of general applicability. Allied to this, is the problem of the terms on which a central marketing organisation should handle the goods of the primaries. If the central organisation purchases only on a consignment basis, the producer will not be assisted much: for there is the risk of the goods being sent back and this uncertainty will hinder the speedy development of the industry. It would, therefore, be an advantage if the central organisation could purchase outright the products of the primaries. This practice, on the other hand, carries the risk of unsaleable goods being left with the central organisation, especially as it is often the goods, which cannot be sold locally that are sent to the central organisation. It seems that the central organisation should, in the interests of development take a calculated risk in the matter and purchase

outright, at least a part of what the primaries have to offer. At the same time, it should seek to cover the risk by investigating the market, and booking firm orders in advance and where possible, ensuring that production by the primaries is such as to conform to the demand. Above all, business methods should be adopted to

push sales. Commercial travellers should be employed; they should be well paid and even given commission on sales: the staff should be amply remunerated; show rooms should be kept in an elegant style and advertisements should be attractive and wide-spread.

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T. S. MUTHUKUMARASWAMI PILLAI,

President.

GLEANINGS

Education of Co-operators*

By

MR. ARNOLD TOYNBEE

[We have great pleasure in publishing the paper read by Mr. Arnold Toynbee, the famous historian and the author of that monumental historical classic "Study of History". To us, Co-operators in India, who are experimenting with the idea of member education, the message of the scope, purpose and content of member education, as expounded by one of the worlds' foremost and erudite historian should be particularly stimulating and thought provoking. With characteristic insight and prescience. Prof. Toynbee explains:—"What part of education, then, is left for co-operators to appropriate? The answer I would give is, the education of the citizen." The basic principles of member-education laid down by Prof. Toynbee continue to be as fresh and valid to-day as they were nearly seventy-five years ago in 1882, when this paper was read.—Edr.]

All Co-operators follow their great founder in denouncing individualism and the principle of competition; but I have recently observed among some social reformers a certain impatience and distrust of that opposite principle of association to which co-operators have so long looked for the ultimate regeneration of our social system. Though we may not attach much importance to this feeling, we cannot deny its existence. We recognise it in sarcastic descriptions of the motley throng of societies which jostle each other in modern civilisation, from societies for the salvation of souls and the spread of the gospel among the heathen, down to associations for the reform of bread, the promotion of early rising, and the burial of dead cats! It is hinted in these descriptions that most modern societies are trivial and ridiculous or mere vexatious impediments to healthy individual action; and a comparison is sometimes instituted between them and the mediaeval guilds, much to their disadvantage. The criticism is not entirely undeserved, nor the contrast

entirely false. Putting aside great commercial companies, which are avowedly associations of capital trading for profit, we must, I think, admit that a large number of modern organisations are simply aggregates of money, with trivial or transient objects, instead of being like the mediaeval guilds, living groups of men animated by common principles of religious and industrial faith, and united for the satisfaction of the great permanent needs of human life.

I shall not here pause to consider the reason of this difference, but the comparison and the criticism will be of value if they lead us to ask what is the real function of the innumerable associations of the present age. A careful examination will prove that though not a few are useless and ridiculous, the majority of them are the legitimate products of the extraordinary variety of men's wants and aims, which, under the complex conditions of modern social life, it is beyond the power of the individual to satisfy or achieve. The Animals Necropolis Company, to which I have alluded, seems at

*Source: A Paper read by Mr. Arnold Toynbee, of Baliol College at the Congress held at Oxford, Whitsuntide, 1882.

first sight to be properly included under those societies which are foolish and useless, but it is in reality a fair if quaint illustration of the truth of the assertion I have just made. The tenderness for animals as companions, the crowding together of dwellings in great cities without a foot of vacant space, the strictness of modern sanitary regulations, are facts which explain and justify the existence of a society so apparently repugnant to common sense. I must resist the temptation which before presents itself to trace the genesis of other forms of existing associations, and content myself with drawing your attention to one singular fact, that a considerable number of them are the direct creation of that State interference against which many co-operators entertain a generous prejudice. The blamed activity of modern legislation has strengthened, and not weakened, the sense of moral responsibility and habits of voluntary co-operation. For example, the laws which punish the adulteration of food called into existence societies of master bakers, and of vendors of milk, to enforce the penalties against fraudulent tradesmen, and the laws which punish cruelty to animals gave birth to a society for the prosecution of the offenders, thus rendering possible the effective expression of a moral sentiment which would otherwise have fretted in impotence.

If we now turn from modern associations in general to the consideration of workmen's societies, we shall find that though their aims cannot be described as transient or trivial, yet they too are in character usually aggregates of money limited to a single object, and make no attempt to embrace the whole of human life. Building societies facilitate the

purchase of dwellings. Friendly societies make provision for sickness and death. Trades unions have rather a wider scope, and seem more nearly to resemble mediaeval guilds in character and purpose. To the outward eye, co-operative societies are smaller things than trades unions and of slighter significance. Their aims—the promotion of thrift and the reduction of the cost of living—appear narrow and uninteresting; their energies seem entirely absorbed in the purchase of chests of tea and sacks of flour, and the ordinary coarse necessities of daily life. Nor are their members, I think, in such close contact as those of a trades union; the majority of them are often as unknown to each other as the shareholders in a great railway, and there are few opportunities of inter-course beside the quarterly meetings of the managing committee. A deeper scrutiny, however, reveals that though not endowed with the fervent united life of the mediaeval guilds, co-operative societies by the possession of large ideals, approach nearer to them in reality than do trades unions, which have a closer outward resemblance. I do not mean to disparage trades unions, nor to deny that they have moral aims because they have not large ideals; but I am inclined to think that the spirit which breathes in the fine inscription on the banner of the Glovers of Perth in the seventeenth century, "The perfect honour of a craft or beauty of a trade is not in wealth but in moral worth, whereby virtue gains renown," is more characteristic of co-operative societies than of any association formed in any particular modern trade. Trades unions, which accept the facts of the present industrial system, and are engaged in a hand-to-hand fight

with capitalists, have no time to indulge in dreams, which are natural to bodies of men whose aim is the radical transformation of the entire conditions of industrial life. For we know that, however seemingly immersed in the petty business of the shop co-operators may be, their real aim and their real determination is to put an end to competition and the division of men into capitalists and labourers, an aim and determination which again reminds us of the mediaeval guilds, where labour and capital were associated, and competition held in abhorrence. It is this large spirit, this resolute refusal to accept the present state of society as final, which marks off co-operation from all other movements, and gives to it an interest which is unique. I know it is said that "the one loud and universal shout of social regeneration," raised by Robert Owen, has not only to the undiscerning ear, but in reality sunk into a mere debate about dividends; but this we will not allow to be true. The ideal of Robert Owen had to run the course of other ideals; it had to die that it might live. "That which thou sowest is not quickened except it die"; the co-operative ideal had to be cast into the soil of material prosperity in order that it might spring up into a new and more powerful life. The very fact that the subject I shall have to-day to discuss is the subject of education shows that the ideal is quickened, and is taking practical shape.

It may, however, be fairly asked why I have devoted so much time to the discussion of the general aim of co-operation, and the difference between mediaeval and modern societies, instead of proceeding at once to consider the subject assigned to me. I reply that, as a matter of fact, directly I began to deal with the subject I

found myself forced to determine what the exact work of co-operative societies is among the crowd of associations that catch our eye on every side; and my industry at least brought out one point very clearly, namely, that though they differ from other societies by the possession of an ideal aim, yet they do not attempt to cover the whole range of human life. Now, if this be true, it is obvious that co-operation can only claim a part of education as its province, and that my business is to ascertain what that part should be. The absence of any definite conception on this point will, perhaps, explain the hesitating and uncertain action of co-operators in regard to education and the small fraction of money they have hitherto devoted to it. Seeing that education is the function, not of one, but of many associations, co-operators have had difficulties in deciding what their exact relation to it ought to be. Elementary education is provided by the State; intermediate education is met by the old foundations in their reformed character, and by the new high schools; what is called the higher education will be one of the principal functions of the university colleges, which are springing up in the great towns. No one proposes that co-operators should venture to grapple with the seven times heated problem of religious education; that task must be abandoned to the Churches, but the fact that it is impossible for co-operators to adopt a distinct religious creed is again a point of difference between them and the mediaeval guilds of deep significance. As regards technical education, it at first sight might seem admirably fitted for co-operators to undertake, but I believe it will be found that technical schools established by employers or by Government for each particular trade will do the work

far better than could societies, whose members are drawn from every trade.

What part of education, then, is left for co-operators to appropriate? The answer I would give is, the education of the citizen. By this, I mean the education of each member of the community, as regards the relation in which he stands to other individual citizens, and to the community as a whole. But why should co-operators more than any one else take up this part of education? Because co-operators, if they would carry out their avowed aims are more absolutely in need of such an education than any other persons, and because if we look at the origin of the co-operative movement we shall see that this is the work in education most thoroughly in harmony with its ideal purpose.

We all know that the circumstances were under which co-operation arose, and a hurried glance at the main features of the great industrial revolution of a hundred years ago will be sufficient to remind us of the nature of the problem with which Robert Owen had to grapple. The slowly dissolving frame work of mediaeval industrial life was suddenly broken in pieces by the mighty blows of the steam engine and the power loom. With it disappeared, like a dream, those ancient habits of social union and personal affection, which had lingered on in the quiet homesteads where master and apprentice worked side by side in the loom and at the forge. Industry was dragged from cottages into factories and cities; the operative who laboured in the mill was parted from the capitalist who owned it; and the struggle for the wealth which machinery promised, withered the old bonds of mutual trust, and made compe-

tition seem a new and terrible force. Of the innumerable evils which prevailed in this age of confusion, Owen fixed his eyes on two: isolation and competition; and to restore the ideas of brotherhood and citizenship, which had been trampled under foot, he proposed the formation of self-complete communities, with property in common, and based upon the principle of equal association and the pursuit of a moral life. The societies actually formed were not successful, but the aim of their founder is still that of the co-operative societies of the present day. Their task, however, is a more difficult one than Owen's for whilst he made men retire from the world and regain the idea of brotherhood in the life of small independent communities, co-operators are content that men should remain in the world, and seek to make them good citizens of the great community of the English people. Owen, in fact, would have replaced the isolation of individuals by the isolation of groups, which was to go back instead of to advance. The compact, close knit life of the towns and guilds of the Middle Ages had to be broken up in order that the inhabitants of this island might become one nation. A great writer who brooded over the same problem that filled the mind of Robert Owen has cast a glance of regret upon the life of which the mediaeval castle was the centre; but the isolation typified by the mediaeval castle was infinitely greater than that suggested by the long rows of artisans dwellings upon which its ruins look down, for it was the isolation of men united in close bonds by the spirit of aggression and the fear of violence; and it is the disappearance of the evils that produced union in the past which makes possible the seeming

estrangement in which men now live. That estrangement is the price we have paid for national life and for individual independence: the problem for us is not to recreate union at the cost of national life, but to reconcile the union of individuals with national life; not to produce union at the cost of independence, but to reconcile union with independence.

Further, the workman is now not only independent, he shares likewise in the government of the State: yet at the very time this responsibility is laid upon him, he has entered upon conditions of industrial life which seem to exhaust his energies and dull his intelligence. A law of political development has slowly raised him from the position of a serf to that of a citizen! a law of industrial development has degraded him, by division of labour, from a man into a machine. There are the difficulties we have to face, the complicated character of modern citizenship and the deadening effect of minute subdivision of labour, and these it is which make the education of which I speak, the education of the citizen in his duties as a citizen, indispensable.

I shall draw, only in outline, a scheme for such citizen education, it being my desire to prove to co-operators that they should undertake this work, rather than to discuss in detail what such education should be. The following is a sketch of the principal subjects which ought to be dealt with;—

I. Political Education.—1. A description of existing political institutions in England, local and central. 2. The history of these political institutions in England. 3. The history of political ideas, as found in the great writers, such

as Burke or De Tocqueville. 4. The political relations of England to other countries and to her colonies.

II. Industrial Education.—1. A description of the present industrial system in England, and the main causes of the production and distribution of wealth. 2. A history of industrial institutions, e.g., the mediaeval guilds, the poor law, and trades unions. 3. A history of the material condition of the working classes. 4. The history of social ideas, and of schemes of social reform.

III. Sanitary Education.—The duties of citizens in relation to the prevention of the spread of disease.

You will observe that the whole scheme is framed, not with reference to the education of the individual man, but of the citizen, with a view of showing what are his duties to his fellow-men, and in what way union with them is possible. The mere vague impulse in a man to do his duty is barren without the knowledge which enables him to perceive what his duties are, and how to perform them: and it seems to me that only through associations like yours can an efficient citizen education be given to the great masses of the working people. Men who still dream of the reconstruction of industrial life by the union of capital and labour will recognise at once that this education is the necessary preliminary to any such attempt.

Several objections to the proposal will, however, occur to everyone. Is there not a danger of political science being made a vehicle of partisan virulence? Is there not danger that the attempt to deal with the perilous passing questions of the hour may sow division amongst co-operators? I

answer that it is no doubt difficult to handle the sensitive living interests of human beings in the same neutral and disinterested spirit in which it is so easy to approach the facts of physical science. But, just because the matter requires a larger spirit than that of men swayed by the ordinary petty considerations of a party or a class, is it one which co-operators, who seek to win such a spirit, should be eager to undertake: it is for them, above all others, to prove that men's deepest interests are not the peculiar possession of factions and parties but the rightful inheritance of every citizen.

But, again, it may be objected that even if co-operators were willing to adopt such subjects as part of their education, there are few teachers with the requisite impartiality of mind and width of knowledge. I do not think this objection a weighty one. In the ranks of co-operators themselves, and in the Universities there are, I am convinced, persons who have studied political and social questions with all the keenness of partisans, but without their prejudice. The fact that these men will often, of course have reached definite practical conclusions will not destroy their influence as scientific teachers. Another objection is that the expenses of providing lecturers of this stamp would be greater than co-operators would be willing to incur. I do not deny that the cost might be considerable, but I think that if you adopt the suggestion thrown out by Professor Stuart, in his address at Gloucester, that a Central Board should appoint lecturers to certain districts within which they should move from town to town, you would reduce the cost to a sum which co-operators ought not to grudge.

The greatest obstacle, in my opinion, to the success of the plan would not be difficulty of finding competent teachers nor the greatness of the expense, but the apathy of co-operators themselves in the acquisition of knowledge. The difficulty of persuading workmen to listen to anything which does not concern pleasure or profit has long been acknowledged, and is, I think, even stronger than it used to be. Let me give you an example from the writing of one who was himself a workman, and spent the best years of his life in ardent and daring advocacy of the workman's cause. Speaking of the eager groups of artisans who could be seen discussing political questions forty years ago, Thomas Co-oper remarks, with bitterness, in his autobiography: "Now you will see no such groups in Lancashire. But you will hear well-dressed working men talking, as they walk with their hands in their pockets, of 'co-ops.', and their shares in them, or in building societies; and you will see others, like idiots, leading small greyhound dogs, covered with cloth, in a string! They are about to race, and they are betting money as they go! And yonder comes another clamorous dozen of men cursing and swearing, and betting upon a few pigeons they are about to let fly. As for their betting on horses-like their masters! it is perfect madness.Working-men had ceased to think, and wanted to hear no thoughtful talk; at least, it was so with the greater number of them." We may, perhaps, allow something for the disposition of an old man to praise the generation to which he belonged, but I am sure that there are many workmen, who could give similar evidence. Of course, one explanation is that workmen are less

eager now about political and social questions, because they are more prosperous, and this is the danger co-operators have to meet: the danger that material comfort may diminish spiritual energy. We ought, moreover, in fairness, to recognise that it is not unnatural for men wearied by long hours of monotonous toil to indulge in sports and coarse amusements; that for them to devote their scanty leisure to intellectual exertion requires extraordinary efforts. But if political progress is not to end in political degradation, the efforts must be made. Languor can only be conquered by enthusiasm, and enthusiasm can only be kindled by two things, an ideal which takes the imagination by storm, and a definite intelligible plan for carrying out that ideal into practice. The plan I have ventured to hint at in this

paper; the ideal is yours by inheritance—it is nothing less than that of brotherhood and a perfect citizenship. We have abandoned, and rightly abandoned, the attempt to realise citizenship by separating ourselves from society; we will never abandon the belief that it is yet to be won, amid the press and confusion of the ordinary world in which we move. If, however, this great task is to be accomplished, if co-operators are to arrive at a correct solution of the social problems which are every day becoming more grave, if workmen are to rightly exercise the unparalleled political power of which they have become possessed, then they must receive a social and political education such as no other institutions have offered, and which I believe co-operative societies, by their origin and their aims, are bound to provide.

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(TWELFTH EDITION)

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A Review of the Working of Four Co-operative Agricultural Banks in Madras State

NOTE ON THE WORKING OF THE ATHIGARATTY
CO-OPERATIVE AGRICULTURAL BANK LTD.,
IN THE NILGIRIS DISTRICT

The Athigaratty Co-operative Agricultural Bank is one of the five Co-operative Agricultural Banks started in the Nilgiris District under the Integrated Rural Credit Scheme under the Second Five Year Plan. The Bank was registered on 26-10-'56 by amalgamating three rural credit societies *viz.*, Athigaratti, Godalatty and Bickole and was started on work on 7-11-'56. The area of operations of the bank extends to the hamlets of Athigaratty village within a radius of three miles and with a population of 2,100.

Membership and Share Capital :

The bank was started with a membership of 200 and a share capital of Rs. 20,158. It had on its rolls 300 'A' class members and 23 'B' class members with a paid up share capital of Rs. 34,054 and Rs. 23 respectively on 30-6-57. The 'B' class members are persons of limited means who are eligible to take only jewel loans from the bank. 71.4 per cent of the total population in its area is served now by the bank as against 50 per cent served by the societies before their amalgamation.

Deposits :

The three rural credit societies before the date of their amalgamation into the bank made very little progress in the collection of deposits in spite of the provision for tapping such deposits in their bylaws. But the agricultural bank, after its starting secured

fixed, savings, recurring and home-safe deposits to the extent of Rs. 9,310 upto 30-6-'57. Every effort is being made by the bank to mobilise local savings.

Borrowings :

The primary object of the Bank is to provide the agriculturists in the area with necessary credit for their agricultural operations promptly. Towards the end, the Bank has got sanctioned a cash credit accommodation of Rs. 30,000 with the Nilgiris Co-operative Central Bank. The bank has regular transactions in this account, drew Rs. 1,17,996 from the cash credit and repaid Rs. 1,17,739 during the year leaving a balance of Rs. 257 on 30-6-'57.

The Bank on the date of its starting had to pay to the Nilgiris Co-operative Central Bank and the Nilgiris Co-operative Marketing Society Limited, Rs. 69,542 and Rs. 26,796 respectively being the liabilities of the component societies. It cleared the entire liabilities to the Nilgiris Co-operative Marketing Society and met the entire demand to the Central Bank for the year ended 30-6-'57. It also borrowed from the Central Bank short term loans to the extent of Rs. 2,75,523 and the outstanding under this head on 30-6-'57 was Rs. 2,67,992. It purchased manures from the Nilgiris Co-operative Marketing Society to the extent of Rs. 1,63,438 during the year and supplied them to the members.

The Bank is issuing small loans on the pledge of jewels, gold and silver to its members. For this, it has another cash credit accommodation sanctioned by the Central Bank for Rs. 5,000. It borrowed Rs. 11,007 in this account and repaid Rs. 9,947 leaving a balance of Rs. 1,060 on 30-6-'57.

Loans :

The bank advanced during the year ended 30-6-57 short-term loans to its members to the extent of Rs. 2,84,067 for cultivation expenses both in cash and in kind as against Rs. 1,13,054 disbursed by the three societies, prior to their amalgamation apart from the amount of loans of Rs. 80,962 outstanding against members on the date of amalgamation of societies. The amount of loans outstanding against members on various securities on 30-6-57 is indicated below :

	Rs.
Loans on the Security of Fixed deposits ...	250
Loans on the Security of Gold Jewels ...	9,815
Loans on the Security of immovables	2,52,479
Loans on personal Security ...	27,065
Total ...	2,89,609

The overdues in respect of these loans were only Rs. 6,701 which worked out to 2.37 per cent of the total amount outstanding against members. These figures signify that the bank has made a good

beginning and that the experiment of large sized societies is quite encouraging.

The Bank obtained 4,005 bags of potato manure and 455 bags of tea manure to the value of Rs. 1,47,036 from the Nilgiris Co-operative Marketing Society and distributed them to members. During the period upto 30-6-57, 400 acres of lands were brought under potato cultivation by the members of the bank as against 213 acres in the previous year before the formation of the Bank. Necessary agreements have been taken from the members to whom loans were issued binding them to sell their agricultural produce through the Nilgiris Co-operative Marketing Society. The potato harvest will begin in the middle of August 1957 and arrangements have been made to collect the produce and sell it through the marketing society. The Bank expects better progress in this direction during this harvest season.

Management :

The affairs of the bank are vested in a Board of Management consisting of eight members nominated by the Deputy Registrar of Co-operative Societies for a period of three years. The bank has done well and has shown good progress in all directions as may be seen from the figures given above under the guidance and administration of the Board of Directors. The day-to-day administration of the bank is carried on by a paid secretary, who is a Senior Supervisor of the Nilgiris Co-operative Central Bank.

NOTE ON THE WORKING OF THE SILLAMARATHUPATTI CO-OPERATIVE AGRICULTURAL BANK LTD., NO. D.D. 107 IN THE PERIYAKULAM TALUK OF MADURAI DISTRICT

This is one of the 13 large sized credit societies formed in the intensive development area selected in the Madurai District and the second to be started on work under the scheme of Integrated Rural Credit. It was formed by amalgamating three village credit societies viz., the Sillamarathupatti Co-operative Credit Society, B. Ammapatti Co-operative Credit Society, and B. Dharmathupatti Co-operative Credit Society, which were within a radius of two miles from Sillamarathupatti. The Bank was registered on 31-10-'56 and started on work on 21-11-'56. Its operations extend over the three villages of B. Ammapatti and its hamlets, Sillamarathupatti and B. Dharmathupatti and its hamlets. The total rural population of these villages is 6,504. Cotton, cholam and ground-nut are the main crops grown in the area.

2. Membership and Share Capital :

The authorised share capital of the Bank is Rs. 60,000 made up of 10,000 'A' class shares and 10,000 'B' class shares of Re. 1 each. 'B' class members are eligible only for loans on the pledge of jewels upto Rs. 100. At present, there are 509 'A' class members and 287 'B' class members with a paid up share capital of Rs. 19,666.

The percentage of population served by the bank to the total

population in its area works out to 39 per cent in terms of families.

3. Borrowings :

The borrowing limit of the bank is eight times the paid up share capital plus reserve fund. This works out to Rs. 1,89,600. The Bank borrowed from the Central Bank Rs. 39,737 by way of cash credit accommodation for issuing loans to members on the pledge of jewels and produce, Rs. 56,975 for issuing short term loans and Rs. 46,855 for issuing medium term loans. It also tapped deposits amounting to Rs. 4,558 and Rs. 4,323 from members and non-members respectively.

4. Loans to members :

(i) The individual maximum borrowing limit of a member is Rs. 50 per share, subject to a maximum of Rs. 2,000. Loans issued on the security of pump-sets, jewels, produce and fixed deposits are not however, subject to this limit. The rate of interest is 6½ per cent per annum. On overdue loans, a higher rate of interest at 7.13/16 per cent is charged.

(ii) During the period from 21-11-'56 to 30-6-'57 the Bank issued and collected loans as shown on the next page.

Items	Loans Issued.		Loans Collected.	Loans outstanding as on 30-6-57.
	No.	Amount.		
Short term—On the pledge of produce ...	322	Rs. 40,782	Rs. 27,934	Rs. 22,611
Short term—On the pledge of jewels ...	938	52,262	17,210	35,052
Short term—Surety loans ...	217	47,375	8,555	42,840
Medium term—Mortgage of immovable properties ...	22	19,340	20,536	63,283
Total ...		1,59,759	74,235	1,63,786

Of the loans issued, the loans for (1) productive purposes and (2) other purposes amounted to Rs. 1,27,508 and Rs. 32,251 respectively. During the corresponding period of previous year i.e. in 1955-56, the constituent societies issued loans to the tune of Rs. 29,143 only, while, after their amalgamation, the agricultural bank issued loans to the tune of Rs. 1.10 lakhs or nearly 5 times over the lendings of the constituent societies. The total credit needs of the rural population in the area of operation of the bank are estimated at Rs. 1,62,600 and with reference to this, the loans provided by the bank work out to 98 per cent of the total credit needs. Of the loans outstanding as shown above, 95 loans amounting to Rs. 16,407 are overdue which work out to 10 per cent of the total loans outstanding. Majority of these loans are of the old Ammapatti Co-operative Society, which was dormant for some time. The Bank is taking steps to collect these overdues.

(iii) Produce loans and jewel loans are very popular in the banks. So far, the agriculturists had to go to Bodinaickanur and Teveram which are 4 miles away to pledge their produce or jewels. The Bank has purchased

an iron safe and appointed an appraiser with adequate security. It has taken a godown on hire and it affords all facilities to the members to get their credit requirements as and when needed.

5. Management :

The management of the bank is vested in a Board consisting of nine Directors of whom one is a nominee of the financing Bank and the other, a nominee of the State. The first set of Directors including the nominee of the financing bank has been nominated by the Special Deputy Registrar in accordance with the by-laws of the bank for a period of three years from the date of starting. The Madurai District Central Co-operative Bank has deputed one of its supervisors to work as the paid Secretary.

6. Godown :

The Bank has purchased a site extending over one acre from donations and is constructing a godown for storage of members produce. The Government have sanctioned to the bank, a loan of Rs. 10,000 and a subsidy of Rs. 5,000. The construction is in progress and it is expected to be completed before 30-9-57.

A NOTE ON THE WORKING OF THE KUNDALH CO-OPERATIVE RURAL BANK, LTD., No. J. 106.

1. The Kundah Co-operative Rural Bank Ltd., situated at Kundah Bridge in Ootacamund taluk of the Nilgiris District, was registered on 1-11-1955 and stated on its work on 7-12-1955. It was inaugurated by Sri. A. Palaniappa Mudaliar, M. A., I. A. S., Registrar of Co-operative Societies, Madras under the Presidentship of Sri T. B. Lingam, President, The Nilgiris Co-operative Central Bank Limited, Ootacamund.

2. There are 43 hamlets and 19 village credit societies working within a radius of 5 miles from Kundah, which is the area of operations of the Bank. The village credit societies issue short term loans to the ryots. The Rural Bank issues medium term loans for a period of 3 years. The Bank also issues jewel loans in accordance with the conditions laid down in the by-laws.

3. On the day of starting the Bank, there were 55 members with a paid up share capital of Rs.8,920. Now the membership has increased to 554 and share capital to Rs. 62,160 as on 30-6-57. Kotas—Hill tribe—have also been admitted as members in the bank; there are 13 Kotas as members with a paid up share capital of Rs. 370.

4. With a view to inculcate the habit of thrift, mutual aid etc., among the members and other villagers, necessary provisions have been made in the by-laws of

the Bank for accepting various kinds of deposits.

The amounts received by the Bank under various deposits from members and non-members during 1955-56 is noted hereunder:—

	Rs.
(a) Current deposits	3,29,081
(b) Savings deposits	26,872
(c) Day deposits	10,023
(d) Home-safe deposits	2,161
(e) Fixed deposits	7,500

The total amount outstanding in these deposits on 30-6-57 was Rs. 34,232.

The Bank undertakes the collection of cheques and bills on behalf of its constituents. During 1956-57 it has collected bills and cheques to the tune of Rs. 5,09,255 and earned a commission of Rs. 1,000.

The rural population is just realising the benefits of banking system and it is expected that the bank will make considerable progress in the ensuing year in tapping local deposits.

5. The main object for which the rural banks have been started in this district is to issue medium term loans to the agriculturists for land improvement. As stated in the foregoing paragraph, there is also provision in the by-laws to issue jewel loans, deposit loans, produce loans etc.

The loan transactions of the bank during 1956-57 are as follows:—

	No. of loan applications received.	Amount of loan. Rs.	Outstanding on 30-6-57 Rs.
Medium term loans	212	2,22,760/00	2,85,467/00*
Jewel loans	281	26,959/50	14,294/00
Loan on the security of fixed deposit	1	500/00	500/00
Total	494	2,50,219/50	3,00,261/00

*This is the outstanding including the opening balance of Rs. 1,07,475. less collection during the year.

It is satisfactory to note that the entire demand under principal has been collected and no amount is overdue against members. The bank is collecting interest monthly though the by-laws provide collection of interest half yearly.

6. The management of the bank now vests in a nominated Board of 11 members, who were

nominated by the Registrar of Co-operative Societies, Madras, for a period of three years.

There is a departmental officer—in the grade of Senior Inspector—who is the paid Secretary of the Bank. He attends to the day-to-day administration of the Bank subject to the control of the President.

A NOTE ON THE WORKING OF THE ARAVENU CO-OPERATIVE RURAL BANK LTD., No. 104.

The Aravenu Co-operative Rural Bank Ltd., situated at Aravenu in Coonoor taluk of Nilgiris District was registered on 22-4-1955 and started on its work, on 29-5-1955.

There are 27 hamlets and 8 village credit societies working in the area of operations of the Bank, which is within a radius of 5 miles from Aravenu.

There were 457 A class members with a paid up share capital of Rs. 63,500 on the day of starting the bank. Now the membership has increased to 565 A class members and 286 B class members and the share capital to Rs. 75,776 as on 30-6-57.

There are necessary provisions in the by-laws of the Bank to accept various kinds of deposits such as Fixed deposit, Recurring deposit, Current deposit, Savings deposit, Day deposit, and Hundi deposit.

The amounts received by the bank under various deposits from

members and non-members during 1956-57 are as below:—

	Rs.
(a) Current deposit	88,472/29
(b) Savings	71,733/85
(c) Day	12,192/00
(d) Homesafe	2,466/15
(e) Recurring	1,325/00
(f) Fixed	53,600/00
	2,29,789/29

The total amount outstanding in these deposits as on 30-6-57 was Rs. 1,15,965.57. It may be noticed that the people in the locality have come to realise the importance and service of the co-operative banks and also had invested their savings in the Bank. The Bank also undertakes collection of bills and cheques on behalf of its constituents.

As provided in the by-laws, the bank has issued medium term loans, and loans on the security of deposits. The loan transactions of this bank during 1955-56 are as given below:—

	No. of loan applications received.	Amount of loan. Rs.	Outstanding on 30-6-57. Rs.
Medium term loans	111	92,870	1,72,398
Jewel loans	743	51,313/50	25,441
(Others) on the security of deposits		500	500
Total	854	1,44,583/50	1,98,339

"This is the outstanding including the opening balance of Rs. 1,39,800 less collections during the year."

The management of the bank now vests in a Board of 9 members who were nominated by the Registrar of Co-operative Societies, Madras for a period of 3 years. There is a Departmental Officer in the grade of a Senior Inspector,

who is the paid Secretary of the Bank. He attends to the day-to-day administration of the Bank.

The Bank has purchased a vacant site for Rs. 400 from the Government for constructing a building, office-cum-godown at an estimated cost of Rs. 20,000. This is under examination of the Special Deputy Registrar of Co-operative Societies, Ootacamund.

THE NILGIRIS CO-OPERATIVE MARKETING SOCIETY LTD. OOTACAMUND.

SRI H. B. ARI GOWDER, B.A.,
President.

Wholesale dealers in Nilgiris Potatoes.

Number of Members :

Individuals	3156
Agricultural Societies	138
Paid up Share Capital	Rs. 1,05,470
Reserve Fund	Rs. 4,12,818
Other Reserves	Rs. 4,05,689
Value of Potatoes, Tea and Coffee Manure	
Mixtures sold (1956)	Rs. 22,89,298
Value of Potatoes sold (1956)	Rs. 21,25,056

Undertakes daily or weekly supplies of potatoes to consumers' Co-operative Stores and others.

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K. P. RAMUNNI MENON,
*Business Manager, Nilgiris
Co-operative Marketing
Society Ltd., Ootacamund.*

CO-OPERATIVE CONFERENCES AND MEETINGS

The Second Madras State Co-operative Housing Societies Conference

Remarks by the Registrar of Co-operative Societies
on the Resolutions

1. As per the existing by-laws, the maximum loan should not exceed five times the share capital of the members of housing societies. Since the provision is an hardship to middle class group individuals, the Government may be requested to refix the ratio of share capital and the loan as 1:9 instead of 1:4.

"The Committee on Co-operation has recommended that loans may be allowed to Societies upto five times their paid up share capital instead of four times, and to members upto six times their paid up share capital instead of five times. I have recommended the Committee's recommendation to Government and their orders are awaited. It is not desirable to go further".

2. Resolved that the State Government be requested through the Registrar to enhance the Government loan limit to Rs. 12,000 as before, as against Rs. 10,000 as at present, since the cost of building materials are soaring very high.

"The matter has been taken up with the Government for increasing the loan limit from Rs. 10,000 to Rs. 12,000".

3. Resolved that in order to help the lower middle and poor class people, the Registrar be addressed to sanction Government loans for a period of 20 years even for the house, the superstructure of which is constructed with brick and clay.

"Government loans are being sanctioned for a period of 20 years even for the construction of

houses, the superstructure of which is built with brick and clay, subject to certain conditions and safeguards".

5. Whenever the outstanding on Government loan is such as to warrant no additional collateral, the Government may waive the insistence on the production of insurance policy as a collateral security.

"The insurance policies are not insisted upon as collateral securities in all cases. It is taken in cases where the applicant is of advanced age and where the income of the applicant's family on which the repaying capacity is based is likely to cease or to get substantially reduced on the death or the retirement of the applicant. It will be only to the advantage of the family of the applicant in such a case, if the insurance policy on the life of the applicant is taken as collateral security for the loan. It will prevent the sale of the house by the heir to discharge the loan. Each case will be considered on its merits and there is no insistence on insurance policy as a rule."

7. Resolved to request the State Government to suitably amend the rules regarding State loans to Housing Societies so as to permit grant of State loans for additional construction in suitable cases whether the loan is completely repaid or not.

"In the present context, when the allocation of funds by the Planning Commission for housing scheme has been curtailed, it will be difficult to carry out the

proposal contained in the resolution. Government loans should go round for more number of people than for some people. It would also be circumventing the maximum amount of loans fixed for a person. However, arrangements are being made for the formation of house mortgage banks in all municipal areas federated into a central house mortgage bank in the city of Madras".

8. In case of default, suitable provisions should be made in the by-laws along with the usual instalments. Resolved to request the Registrar to examine the above issue and to recommend necessary modification of by-laws.

"Unless the law provides for the recovery of an overdue instalment without obtaining a decree for it, no provision in regard to this matter can be made in the by-laws as suggested in the resolution. The question whether such a provision should be made in the law itself will be considered when special legislation is undertaken to facilitate the working of house mortgage banks."

9. If any instalment payable under a mortgage executed in favour of the House Building Society or any part of such instalment has remained unpaid for more than 3 months from the date on which it fell due, the Directors may in addition to any other remedy available to the Society, apply to the Registrar or to any person appointed by the State Government under Section 3 of the Madras Co-operative Societies Act, 1932 to assist the Registrar in the recovery of such instalment or part by distraint and sale of movable properties of the defaulter.

"Resolved to request the Registrar to examine the above issue and to recommend suitable changes in the by-laws."

"No provision of this kind can be made in the by-laws unless a similar provision is made in the Act. (Vide reply to the previous resolution)."

10. The Government may be requested to appoint necessary P.W.D. Officials under the Registrar of Co-operative Societies for supervising the construction of houses, preparing valuation reports and for offering technical guidance to housing co-operatives.

"Rule 12 of the rules for the grant of State loans to housing societies requires that every building constructed with the aid of State loan shall be inspected and valued by the P.W.D. Officers not lower in rank than that of an Upper Subordinate etc., during the course of construction and immediately after completion, free of cost. The appointment of a special staff of P. W. D. Officer under the Registrar's control will not be necessary for the valuation of buildings.

As regards the work connected with construction of godowns and housing schemes, Government have since sanctioned the post of an Assistant Engineer for assisting the Registrar. This is, besides, the two P.W.D. Supervisors already working under the Registrar."

14. Resolved to request the Government to permit the members of housing societies in municipal areas to construct houses as per the approved plans and estimates prepared by a qualified engineer or the Director of Town Planning, Madras, whichever procedure obviates delay.

"The matter has been taken up with the Government and their orders are awaited."

15. Resolved to request the Government to appoint an expert committee to find out building

materials, that would be durable cheaper and acceptable to Government to issue 20 years loans on that security and also to recommend the standard building specifications regarding durability, stability, low cost etc., to be followed by all Co-operative Housing Societies.

"The Government are actively considering a proposal for creating a housing cell with a Superintending Engineer or Executive Engineer as housing adviser to give advice on matters relating to house building."

16. Resolved that a special quota of steel and cement be placed at the disposal of the Registrar of Co-operative Societies for Co-operative Housing in the State.

"Based on the requirements reported by the housing societies, and taking into consideration the available quota for the State, the Additional Director of Industries and Commerce issues every quarter a quota certificate for Iron and Steel to the Registrar, who in turn issues sub-quota certificates to the societies. In view of the overall short supply of iron and steel, Government have advised the various agencies undertaking house building programme, to make use of iron and supply sparingly and to substitute the use of timber in an increasing measure. As regards cement, on the recommendation of the Registrar, the Additional Director of Industries and Commerce issues authorisation for cement to housing societies. At present there is no difficulty in procuring cement."

17. Resolved to request the Government through the Registrar of Co-operative Societies, Madras to provide loans for the purchase of house sites by housing societies.

"The matter is under the consideration of the Government."

18. Resolved to request the Government to give free service of Government staff for first three years and thereafter exempt them from payment of pensionary and leave contribution.

"The resolution cannot be accepted in such general terms. Ordinarily no such assistance can be given."

19. Resolved to request the Government to give free services of staff to the Rural Housing Societies and other Housing Societies till the societies become self-sufficient and stable.

"Government have been addressed to sanction 22 posts of Senior Inspectors for supervision of rural and other housing societies."

20. Resolved that in view of the expansion in the activities of the building co-operatives, staff in the offices of the Deputy Registrar should be adequately increased to save delay in the matter of sanction of loans.

"This is a matter on which the Registrar will take appropriate action where there is a need for additional staff."

21. Resolved to request the Government through the Registrar of Co-operative Societies to waive legal fees in case of State loans for Rural Housing Societies.

"In their order No. 4397, Industries, Labour and Co-operation, dated 15-10-56, Government accepted the Registrar's proposal to meet the face payable to the Government Pleaders for offering legal opinion on the soundness of the security offered for the Government loans sanctioned to Rural Housing Societies on behalf of their members, for construction of houses in cases where the estimated cost of the house excluding site value did not exceed Rs. 5,000. A lump sum grant of Rs. 9,000 was

provided by Government for 1956-57 for payment of fees to the Government Pleaders. A similar amount has been provided in the budget for 1957-58 also for the purpose."

22. Resolved to fix the legal fees at Rs. 10 for each application of loan, not exceeding Rs. 5,000 and Rs. 20 for loans above Rs. 5,000 and not exceeding Rs. 15,000.

"The matter has been taken with the Government for their orders."

25. Since the cost of the land is indiscriminately increased long after acquisition and since this causes considerable anxiety and trouble to the members, it is resolved to request the Government to treat the awards of Land Acquisition Officers, subject to the approval of Government as final before the lands are actually taken over and the construction begun.

"Government have already held that there is no need to dispense with the existing procedure."

26. Resolved to request the Government through the Registrar to permit the members of the Co-operative House Construction Society to undertake construction by themselves provided all the rules regulations and other precautions are adhered to, similar to the buildings constructed by the Society, particularly

(1) When such a concession helps the completion of the scheme earlier,

(2) When it does not affect the security for Government loan.

(3) When the Town Planning or other rules are not infringed.

"The resolution cannot be accepted for general adoption. Each case will be considered on its merits."

27. Co-operative House Construction Societies may be

permitted to undertake construction of model houses on selected sites or on sites which remain unsold especially at the fag end of the construction programme and rent the completed houses till they are leased out on hire-purchase system to prospective members, subject to the terms and conditions governing the grant of Government loans.

"The proposal is a speculative one i.e. constructing a house and then finding a purchaser. Government loan cannot be given for this purpose. However, the society may construct model houses without Government aid".

28. In accordance with the aims of the Government of India Housing Schemes, suitable schemes for the benefit of Harijans and other poor classes of people should be formulated and worked through the Rural Housing Societies.

"Government of India have since sanctioned a scheme (Centrally sponsored scheme) for the construction of houses for the benefit of Harijans, whose annual income does not exceed Rs. 500 per annum and this scheme is being implemented by this Department. According to the scheme under implementation, houses are constructed on sites provided by Government free of cost. The estimated cost of each house is Rs. 750, and it is met as follows:—

Rs. 550 as subsidy from Government.

Rs. 150 as interest free advance repayable in 15 years in monthly instalments.

Rs. 50 to be contributed by the beneficiary either in the form of labour or in cash.

The Scheme is being implemented through Co-operative Societies

specially organised for the purpose. The State Government have addressed the Centre to continue the scheme during the remaining years of the II Plan period".

29. Resolved to request the Government to make it obligatory on the part of the Local Boards and Municipalities to meet the cost of roads, lighting and sewer for housing colonies in view of the anticipated income by way of property tax or to direct payment to societies by Local Boards and Municipalities of 50 per cent of the Property Tax collected from the new houses for the first ten years after construction, to recoup the amount spent by Societies for roads lighting, sewer, etc.

32. Resolved to request the Government to examine the desirability of exempting members of House Building Societies and House Construction Societies which provide their colonies with amenities such as roads, lighting and water supply at their cost from payment of house-tax for 3 years from the date of completion of house.

"On these questions, the recommendation of the Committee on Co-operation is extracted below:—

"In the Co-operative Housing Colonies, where all the amenities except water supply have been provided by the Societies at the Society's cost, such of the houses in the colony as have been built with the Government loans not exceeding Rs. 8,000 in the city and Rs. 5,000 in the mufassil may be exempted from property tax for a period of 2 years from the date on which the house becomes liable to the levy of the property tax". I have recommended the Committee's recommendation to Government and their orders are awaited.

30. The area of operations of Rural Housing Society should comprise of at least 6 villages inclusive of Major Panchayat. Major Panchayat should not be excluded from the area of operations on the ground that it is an urban area.

"In their order No. 2885, Industries, Labour and Co-operation dated 12-6-56, Government have permitted the extension of the Rural Housing Scheme to the villages included in Major Panchayats having predominantly rural outlook. The Rural Housing Societies have been permitted to extend their area of operations even to 3 or 4 villages provided they are contiguous. So far, no difficulty has been reported by the societies working the scheme with this area of operation and there has also been no representation for extending the area further."

31. Resolved to request the Government to direct Panchayat Boards and the Inspector of Local Boards to execute public amenity works like laying roads, sinking wells, laying parks in the areas, where housing societies, are in operation.

"It is the responsibility of the lay-out owners to provide all these amenities before handing them over to the municipalities or local boards for maintenance. The capital cost to provide these amenities will be large and the local boards or the municipalities cannot be expected to meet such heavy expenditure, which their financial resources may not permit."

33. Resolved to request the Government to direct the Local Boards to issue one year licence for the construction of houses by the Housing Co-operatives.

"The same subject was considered at the First Madras State Co-operative Housing Society's Conference. Government then ordered

that the period of currency of licences for construction issued by the municipalities need not be extended but that the municipalities might waive the collection of renewal fees in deserving cases."

24. This conference resolves to request the Government to bear the entire cost of the common amenities (such as roads, lighting, etc.) in respect of Low Income Group Housing Colonies, as a measure of assistance to Low Income Group members and as a measure of reducing the cost of house sites.

34. Resolved to request the

Government through the Registrar to exempt from Municipal Tax the vacant sites of Co-operative Building Societies until the sites are developed and allotted or occupied, whichever is earlier.

"The matter has been taken up with the Government for further orders."

35. This conference recommends the formation of a Central House Mortgage Bank for financing House Mortgage Banks.

"The matter is under consideration of Government."

V.K. APPANDARAJAN
For Registrar.

The Madurai District Central Co-operative Bank Ltd., Madurai (South India)

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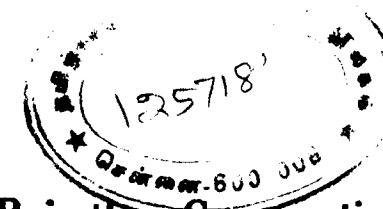
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Secretary.



Proceedings of the First Rajasthan Co-operative Banks' Conference held at Jaipur on the 28th, 29th and 30th September, 1957.

[We have great pleasure in publishing the proceedings of the first Rajasthan Co-operative Banks' Conference held at Jaipur on 28th, 29th and 30th September, 1957. Dr. P. Natesan, General Secretary, Madras State Co-operative Union attended the Conference as an Expert on special invitation. Sri B. P. Sood I.A.S., Registrar of Co-operative Societies, Rajasthan, who is also the *ex-officio* Chairman of the Rajasthan State Co-operative Bank presided over the Conference. Sri Nathu Ram Mirdha, Minister for Co-operation, Rajasthan inaugurated the Conference. The Conference was very helpful in finding out ways and means for strengthening the Co-operative financial system in Rajasthan—*Edr.*]

INAUGURAL ADDRESS.

By

SHRI NATHU RAM MIRDHA,
Minister for Co-operation, Rajasthan.

"I am very happy to be here this morning with the experts of Co-operative finance and banking of our country and representatives of Co-operative Banks of the State for participation in the first Co-operative Banks Conference of Rajasthan.

"This Conference comes off at a time, when the entire country is thinking in terms of the finance for the second plan.

"No doubt your own problems, which extend from the building of the Bank, training of the personnel, inter-co-operative relations to lending-rate and policy, are very important in themselves. On the solution of these problems depends the efficiency of Co-operative Financial Institutions.

"And, I have no doubt in my mind that an efficient Co-operative Financial Institution is a real boon to our State at this stage of its development. Because, on it depends whether the people would

shift to institutional credit or would continue to depend on the individual money-lender as before for their borrowings. Evolution of institutional credit in our rural areas is desirable for reasons more than one. Of course, it saves the cultivator borrower from the exploitation of the money-lender. But further it engenders in him the habit of thrift. Mobilisation of rural savings is a great national duty at present, besides being of very real advantage to the individual cultivator. And, no other institution is in a better position than an efficient Co-operative Credit Society to collect and pool these rural savings. In the ultimate analysis, the strength and efficiency of a co-operative society depends on that of its financial agency and the confidence it evokes. Thus, it is a great national task that you have been called upon to tackle at this conference of yours.

"Again, we are meeting on a very auspicious occasion, because

I hope the inaugural function of the Central Co-operative Land Mortgage Bank of the State will take place within a week or so. This Bank came into being towards the close of March last, but will now start functioning. It may be recalled that we have set the target of rupees one crore for the distribution of long-term loans during the Second Five Year Plan but no progress under this head was recorded so far due to several legislative and organisational bottle-necks. They have all been remedied now.

"The Apex Co-operative Bank came into existence in the State in 1953 and has started functioning since 1954. It has taken rapid strides. Its share capital has increased from Rs. 5,37,700 in June, 1954 to Rs. 15,45,400 and working capital from Rs. 5,80,000 to Rs. 1,08,98,200.

"Borrowing from it now amount to Rs. 1,63,25,000 and lendings to it from the Reserve Bank of India to 1,27,00,000. Its deposits have increased from meagre Rs. 36,100 in June 1954 to Rs. 28,25,500 now. The Bank has come to possess a building of its own in the busiest quarters of the city.

"With the establishment of the Central Co-operative Land Mortgage Bank along with the Apex Bank at State level, ever increasing Central Banks till every district will have one, only 11 more are needed to achieve this target, and multiplication of large-scale credit societies of which more than 60 are already functioning, and 505 will come to function by the end of 1960. The Co-operative Credit structure in the State is almost reaching perfection.

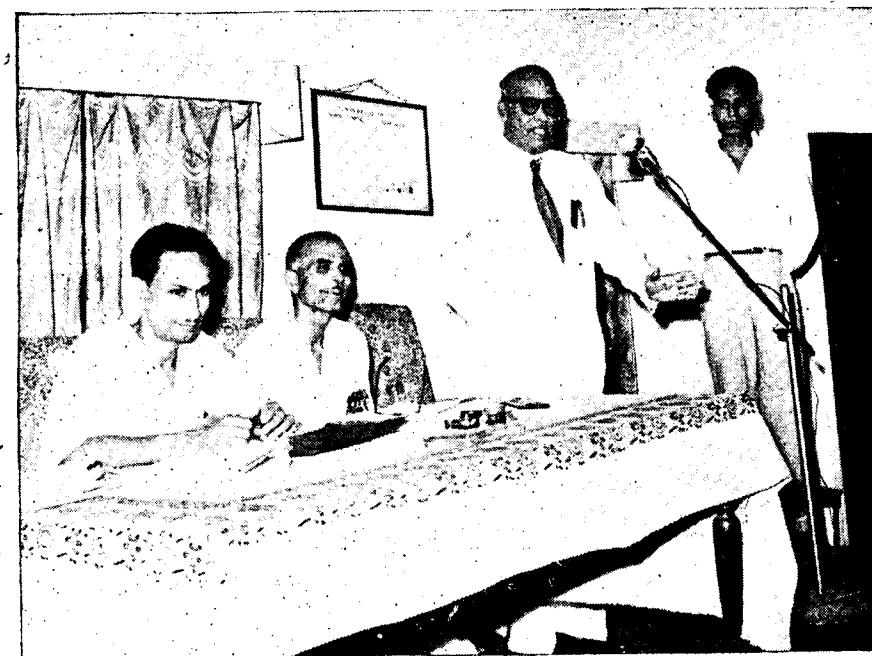
"But, we have to concentrate a lot now on improving the functioning of these institutions. I am very anxious that the lending rate

should be lowered from 7½ per cent to 6½ per cent to the ultimate borrower, as is the case in co-operatively advanced States like Madras. Dr. P. Natesan, who has come all the way from Madras here, will I hope advise you how to do it. Similarly ½ per cent increase in the lending rate of the Reserve Bank of India should be made good by financing agencies and I do not favour that its incidence should in any way fall on the ultimate borrower or Primary Co-operative Credit Societies.

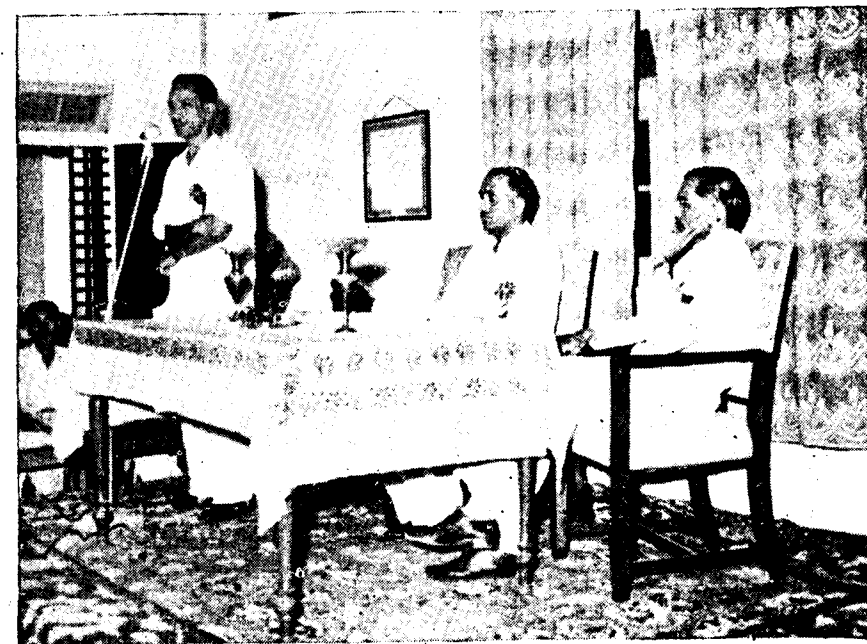
"The magnitude of the Co-operative Finance in Rajasthan is increasing day by day. It is about eleven times more money that will flow through co-operative channels by the end of the Second Five Year Plan. Loans amounting to seven crores of rupees will be distributed. At the end of the First Five Year Plan the combined share capital of all Co-operative Societies amounted to Rs. 60.36 lakhs and the working capital to Rs. 300.78 lakhs. Now the share capital of Co-operative Societies exceeds rupees one crore and their working capital rupees six crores. All this growing Co-operative Finance day by day entails huge responsibility on financial agencies of the State. It is but meet and proper that their representatives should now address themselves earnestly to the improvement of their working efficiency by exchanging thought and experience among themselves through such Conferences. This first Conference of the representatives of the leading Co-operative financial institutions, has a very onerous responsibility to discharge, because it will set a pattern for subsequent Conferences of this nature.

"I have gone through your proposed Agenda. It is quite

Rajasthan Co-operative Banks' Conference, Jaipur.

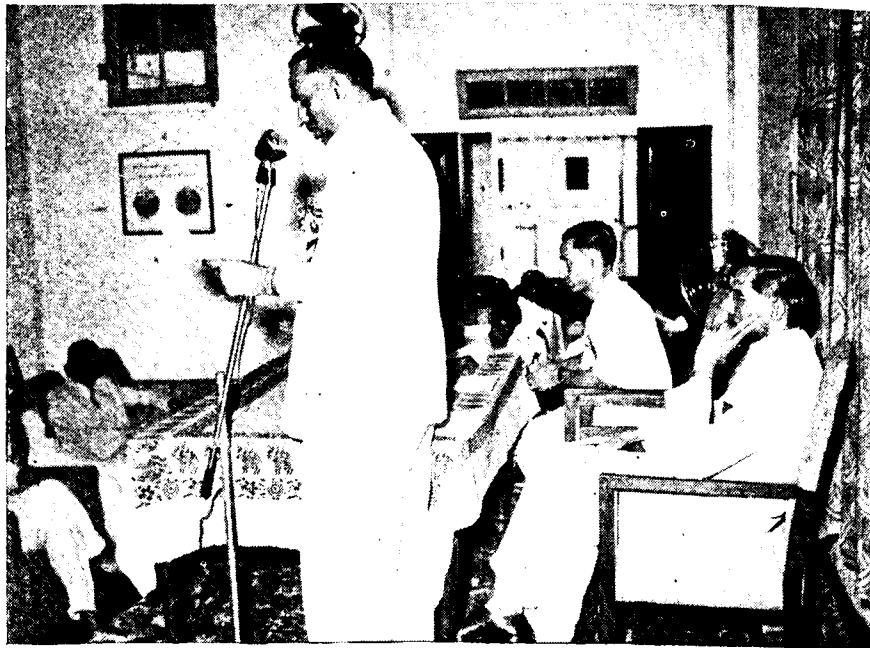


Dr. P. Natesan is seen addressing the Rajasthan Co-operative Banks' Conference at Jaipur, which was held on the 28th, 29th and 30th September, 1957. Sri B. P. Sood I.A.S., Registrar presided over the Conference.



Sri B. P. Sood I. A. S., Registrar of Co-operative Societies, Rajasthan is seen addressing the Conference on the 28th September, 1957.

Rajasthan Co-operative Banks' Conference, Jaipur.



Sri Nathau Ram Mirdha, Minister for Co-operation, Rajasthan inaugurated the Conference on the 28th September, 1957.

Inauguration of Valadi Agricultural Bank.



Sri R. Venkatraman, Minister for Industries, Labour and Co-operation opened the Valadi Co-operative Agricultural Bank, Trichy Dt., on the 27th October, 1957.

comprehensive and ambitious. These three days will be extremely busy for you. I hope, you will go back considerably benefited, I

wish God-speed to your deliberations.

"I am glad to associate myself with this Conference and declare it open."

PRESIDENTIAL ADDRESS

By

SHRI B. P. SOOD I.A.S.,

*Registrar of Co-operative Societies Rajasthan and Ex-Officio
Chairman, Rajasthan State Co-operative Bank Ltd.*

"On behalf of the Rajasthan State Co-operative Bank, I express my gratitude to the Minister for Co-operation for having inaugurated this Conference and for giving us a word of advice which, I am sure, will inspire all of us to re-doubled efforts for developing the co-operative movement in Rajasthan. I also express my sense of gratitude to Shri P. Natesan and Shri R. V. Kalikar for having agreed at very short notice to come and join our deliberations. Their presence in our midst will be a source of light and wisdom, which, I am sure, will stand the co-operative movement in good stead. On behalf of the State Co-operative Bank again, I extend a hearty welcome to the delegates from the Central Co-operative Banks, who have come from all parts of Rajasthan in response to the invitation of the State Co-operative Bank.

occasioned by the formation of the First Five Year Plan. In our State we had to fill more or less a complete vacuum. We had no experience and there was dearth of trained personnel and complete absence of non-official leadership. In spite of these handicaps, rapid development took place and at the end of the First Five Year Plan, we had about 6,000 societies. For the financing of these societies, a State Co-operative Bank was established and we had as many as ten Central Banks.

"The Co-operative Movement in this State is yet in its infancy. The State of Rajasthan was formed a little over eight years ago. In the erstwhile Princely States, which had the good fortune of having enlightened Rulers and able Dewans at the helm of affairs that some attention was paid to the development of co-operatives. Soon after the formation of Rajasthan, we found ourselves in a whirlpool of activity

"The Second Five Year Plan brought quickened activity in its wake. The country has adopted the development of the co-operative sector as the central aim of our national policy. The development of agriculture has assumed great importance. Co-operation is the method of bringing it about and for improving the economic condition of the agriculturists. The number of societies and co-operative financing agencies has increased considerably. There is a very ambitious programme for expansion of co-operative credit. During the Second Five Year Plan, we have to distribute short-term credit to the tune of four crores of rupees, medium term to the extent of two crores of rupees and long-term credit to the extent of one crore of rupees. It is obvious that the role of our

financing agencies is very large and vital. It was, therefore, felt that Directors of the Central Co-operative Banks and the State Co-operative Bank should meet in a Conference like this to discuss our common problems, our common difficulties and our common objectives. There is a great need for a wide-spread consciousness on the part of the Directors of the State and Central Co-operative Banks in regard to the role, which these institutions are to play for the development of the co-operative sector.

"As I said in the beginning, the ground is new and has to be broken through the pioneering efforts of our non-official leaders of the co-operative fold. Some of our problems, we share with our sister States. There are others which are peculiar to us. In the first category, I would place the problem of mobilisation of our rural savings. Perhaps, in some of our sister States, some action has been taken for tapping the rural savings but I am not probably very wrong if I say that no conspicuous work has been done in this direction. A nation-wide campaign has to be launched by us in the co-operative fold for canalising rural savings, not only for the development of the co-operative movement but also in the larger interest of the implementation of the Second Five Year Plan.

"There is another problem which, with the exception of the State of Madras, perhaps, we share with other States. This is in regard to the reduction of the rate of interest which the ultimate borrower has to pay. In Rajasthan the ultimate borrower pays 7½ per cent, with the exception of the State of Madras this compares favourably with most of the other States. Yet we are to cover the

gap between this rate and the ideal of 6½ per cent recommended by the Reserve Bank of India. The delegates assembled here will be interested in learning from our distinguished guests, how the question has been tackled in the other States and we shall also be thankful for such guidance as they might give us about this question.

"As I remarked a little earlier, there are some problems, which are peculiar to us. Most of our banks are new. They do not have adequate funds of their own and they have to depend mostly on the borrowings of the State Co-operative Bank and in the last resort on the Reserve Bank of India. Banks have, therefore, to build up deposits and funds of their own. We have to deliberate on this question in this Conference and devise ways and means how to achieve this objective.

"The second problem is, as the Minister for Co-operation was pleased to remark that the half per cent rise in the bank rate should occasion no additional incidence on the ultimate borrower or the co-operative societies. The Apex institution and the central financing agencies should act as shock-absorbers and between themselves share this increased incidence.

"Traditions of co-operative banking are almost non-existent in our midst. We have to build up these traditions in Rajasthan. I am sure, this Conference will help and enable us to lay down a foundation. I would suggest that the Conference should discuss the feasibility of the establishment of the formation of the co-operative banks' Association in our State. Our banking institutions have no common publicity organisation, which might play an

effective role in their development. I would again suggest that this Conference should discuss this and evolve a permanent organisation for giving publicity to the banking activities and also help in the development of the movement. My view in this regard is that our financing agencies should not be content to play a passive role but assume a positive role for the development of the movement. Our Central Co-operative Banks, I would emphatically stress, should organise conferences, seminars, issue monthly bulletins, publish brochures on the co-operative activities in their respective areas and create a stir which might enthuse the people

in general to take to the co-operative movement.

"In the end, I again express my thanks on behalf of the State Co-operative Bank and the Central Banks to the Minister for Co-operation, who has been so good and kind to inaugurate this conference. Our guests from our sister States are most welcome and we look forward to hearing from them a word of advice. To the delegates to the Conference, I bid welcome once again and I hope, this Conference will help us in finding a solution to some of those problems, which I have referred to in my remarks"

EXPERT'S ADDRESS

By

DR. P. NATESAN, M.B., B.S.

General Secretary, the Madras State Co-operative Union

"Honesty, enthusiasm and efficiency are triple indispensable qualifications of members of a board of management of any Co-operative Society" observed Dr. P. Natesan in a lecture here on Co-operative Urban Banks at which Shri Ram Niwas Mirdha, Speaker, Rajasthan Legislative Assembly presided.

Dr. Natesan was called here as an expert adviser to the State Conference of Co-operative Banks.

He said that if the urban people took to Co-operation, it would percolate in the rural areas also. And, the Co-operative urban banks had a fair chance of success if correctly run.

He pointed out that it was easy for the urban Co-operative Bank to pay five per cent interest on deposits and such a high rate of interest was bound to attract deposits in large numbers. These

could be advanced at seven per cent.

Dr. Natesan remarked that the borrower was more important than the lender, because it was he who by his payment of interest made the maintenance and profits of the bank possible.

He said that there were three kinds of urban borrowers, the one was he, who borrowed on the personal surety of one who got the same pay as he and had taken no loans. The rule was to advance about four times the salary.

Then there was the borrower who pledged jewels and borrowed money.

Still other was the one, who mortgaged the house and got loans generally repayable within three years but the date of recovery could be extended upto five or seven years.

Dr. Natesan remarked that expediency and prudence sometimes should be exercised and rigid adherence to a creed or rule should not be insisted upon. Expansion of banking called for dynamic policy. The rule was, Dr. Natesan said, the loan should be made repayable corresponding to the period of the deposits. With a little adjustment, loans could be granted for a longer period.

Dr. Natesan quoted the instance of the George-Town Co-operative Bank, which had been flourishing for the past 30 years, benefiting five thousand and three hundred persons and the net-profit of which rose to rupee, one lakh a year.

"Character is the essence of Co-operation and essential to the success of any co-operative society" concluded Dr. Natesan.

Shri Ram Niwas Mirdha, in his presidential remarks observed that to provide incentive to the producer various attempts were very necessary and the importance of the Co-operative marketing society was second to none. He congratulated Shri B. P. Sood, Registrar, Co-operative Societies for organising the first State conference of co-operative banks and inviting the expert advisers from sister States.

Shri R. V. Kalikar read a paper on the Role of Apex Bank in the Co-operative Credit.

RESOLUTIONS

The three day Rajasthan Co-operative Banks Conference (1957) concluded at Jaipur on 30th Sept. 1957 after passing a number of important resolutions.

The Conference recommended that co-operative banks should finance as many industrial and non-agricultural co-operatives as possible. They should obtain funds for this purpose by attracting deposits at a lucrative 4 per cent rate of interest. It was decided to approach the Government for a general directive that all financial assistance to industrial and non-agricultural co-operatives ought to be channelled through the co-operative banks alone.

Where necessary, higher rate of interest upto nine per cent may be charged from the ultimate non-agricultural and industrial borrowers but no efforts should be spared in making finance available to them.

It may be recalled that so far precious little has been done in

this direction and co-operative financial agencies have been confining their loanings to agriculturists alone.

Further, it was decided that half per cent increase in the bank Rate should be absorbed by the State Co-operative Bank and the incidence of increase in no case should fall on the ultimate borrower or any intermediate financing agency.

Hitherto, co-operatives in Rajasthan did not extend long and medium-term loans to any appreciable degree. The recommendation of the State Co-operative Banks conference is that medium term loans may immediately be made available to an agriculturist on the basis of two good sureties holding immovable property.

In order to commence the disbursement of long-term loans in the State, it was decided that without waiting for the setting up of a primary land mortgage bank in any area, such loans should be channelled through

the Central Banks, which shall open a separate section for the purpose. It was decided to extend the facility of co-operative loans to cultivators, who were not owners of land on the basis of estimated yield of the crop proposed to be raised by them. But, such crop-loans would be advanced only in those areas which were served by the marketing societies, with which primary co-operatives were to be linked.

There was heated discussion in the Conference on extending the facilities of cash-credit. Hitherto, the practice was that co-operative banks compelled the borrowing co-operatives to lift the entire amount of sanctioned loan at a time. This resulted in a net loss to the borrowing societies that had to pay interest on surplus and un-used funds, that could not be utilised by them all at once. The Conference, therefore, recommended that in the case of large-sized societies with large borrowings, the facility of withdrawing money in instalments of the sanctioned loan as and when needed by them *i. e.* cash-credit facility should be extended to them.

The inadequacy of remittance facilities within Rajasthan where there were only four branches of the State Bank, was sought to be remedied by the conference by recommending that the State Government through its District, and sub-treasuries should provide the remittance facilities to Co-operative Banks and other intermediary and primary co-operative societies.

There was a very lively debate in the Conference on the mode of Government participation in the share-capital of co-operative institutions. Some of the delegates insisted that at all levels there

should be direct participation. It would mean the liability of the Government in each such society would be direct and intermediary financing agencies would be free from it. However, it was accepted by the Conference that as a matter of principle, the mode of Government participation in the share capital of Co-operatives should be indirect. Nevertheless, in view of the peculiar conditions of Rajasthan the present dual system of direct and indirect participation should be replaced by direct participation.

Further, it was recommended that the Agricultural Credit Stabilisation Fund should be created by crediting to it the excess of the dividends declared in any year by the co-operative institutions over three per cent in respect of Government share and entire excess amount of the dividend declared over four per cent on the shares held by share holders other than Government.

The Conference recognised the need for a strong publicity organisation for the co-operative banks to mobilise rural savings, attract deposits and shift the average villager from personal to institutional credit-system. The co-operative banks publicity fund was sought to be created by crediting to it three per cent of the net profits of co-operative Banks, with the maximum limit of one thousand per bank in any year.

It was also decided to recommend to the Reserve Bank of India that a correspondence training course for bank employees might be established.

It was decided that co-operative banks should draw up a phased programme of credit expansion and their own development. The

programme of credit expansion was deemed urgent, because it took some time always before the Government guarantee or funds could be made available from the Reserve Bank of India.

The suggestion for the setting up of a separate Association of Co-operative Banks of Rajasthan was turned down in view of the fact that the Apex Co-operative Bank of the State itself was regarded as such an association, whereon was represented every central co-operative bank of the State. However, it was recommended that there should be more organic relationship and internal cohesion among them and the State Co-operative Bank should find solution to the problems that arose in central co-operative banks.

The question of founding a uniform cadre of the employees of co-operative banks was left to be decided by the Board of Directors of the State Co-operative Bank.

It was recognised that ultimately it was the responsibility of the central bank to supervise and effect recoveries of loans disbursed by them. However, this function hitherto had been entrusted to

the State Co-operative Department. To encourage the shift to non-official supervision, it was recommended that a central bank might undertake this function in a Tehsil or two tentatively and the State Government should meet half the cost of the operation.

In his valedictory address to the conference, Shri B. P. Sood, I.A.S., Registrar Co-operative Societies remarked that as a result of the implementation of the recommendations of this conference most of the difficulties experienced in day-to-day working of the co-operative banks would be over. And, more intimate and cohesive inter-co-operative relations would be engendered. Shri Sood, concluded that central co-operative banks would play a very vital role in the propagation of co-operative ideas and principles besides functioning as dynamic credit institutions.

The conference was attended by Dr. P. Natesan, General Secretary Madras State Co-operative Union and Shri R. V. Kalikar, President, Vidarbha Apex Co-operative Bank besides representatives of all the Sixteen Co-operative Banks of Rajasthan.

THE CREED OF THE CO-OPERATOR

I believe in the future of our co-operative society.

I believe that it stands on a firm foundation and that it is one of the best managed.

I believe that it can become more prosperous than it has ever been, but this can only be brought about by the efforts of each and all towards this end.

I believe it my duty never to do anything, either by word or deed, that would be prejudicial to our co-operative society.

Proceedings of the General Body Meeting of The Madras State Co-operative Union, held on the 14th July 1957 at Madras.

In the absence of the President and the Vice-President, the General Body of the Union met under the Chairmanship of Sri D. Krishnamoorthy Gounder. Sri Krishnamoorthy Gounder was proposed to the Chair by Sri M. S. Palaniappa Mudaliar and seconded by Dr. P. Natesan. 117 Members were present.

Sri V. K. Appandarajan, B.A., Joint Registrar of Co-operative Societies, and Sri P. Radhakantam B.A. Deputy Registrar of Co-operative Societies, Madras were present on invitation.

1. Consideration of the Annual Report and the Audit Review of the Union for the year 1955-56.

After a discussion of the Report in which many delegates took part, the General Body adopted the following resolution:—

“Resolved to adopt the Annual Report and the Audit Review of the Union for the year 1955-56.”

2. Sanction of the Annual Budget for the year 1957-58.

After a discussion, the General Body adopted the following resolution:

“Resolved to sanction the Annual Budget for the year 57-58.”

3. Amalgamation of the Madras State Tamil Nadu Malabar South Kanara Co-operative Union and the Tamil Nadu Co-operative Federation Ltd.,—Consideration of.

The General Body adopted the following resolution unanimously:

“Resolved to amalgamate the Madras State Tamil Nadu Malabar South Kanara Co-operative Union, No. 1130 and the Tamil Nadu Co-operative Federation Ltd. K. 599 into one Society as Tamil Nadu Co-operative Union Ltd., Madras and get it registered under the Madras Co-operative Societies Act, VI of 1932.”

“1130 இலக்கமுள்ள சென்னை ராஜ்ய தமிழ் நாடு மலபார் தென்கன்னட கூட்டுறவு யூனியனையும், K. 599 இலக்கமுள்ள தமிழ் நாடு கூட்டுறவு பெடரேஷனையும், தமிழ் நாடு கூட்டுறவு யூனியன் லிமிடெட் என்ற ஒரே ஸ்தாபனமாக இணைத்துக் கொள்ள தீர்மானிப்பதுடன், மேற்படி தமிழ் நாடு கூட்டுறவு யூனியன் லிமிடெட் என்ற சங்கத்தை 1932-ம் வருடத்திய சென்னை கூட்டுறவு சங்கச் சட்டம் VI விதியின் கீழ் பதிவு செய்வதென இம்மகாசபை தீர்மானிக்கிறது.”

4. Amendments to by-laws—Consideration of.

The General Body adopted the following amendments to the By-laws:

AMENDMENTS TO BY-LAWS

As Existing

Situation, Area

I. The Madras State Tamil Nadu Malabar South Kanara Co-operative Union, Ltd., No. 1130 is registered as a Co-operative Society under Madras Act VI of 1932.

As Amended

Situation, Area

I. The name of the Society shall be “The Tamil Nadu Co-operative Union, Ltd.” The Tamil Nadu Co-operative Union Ltd. is registered as a Co-operative

As Existing

Its address is Madras. Its operation extends to the districts of (1) Madras, (2) Chingleput, (3) North Arcot, (4) South Arcot, (5) Tanjore, (6) Tiruchirapalli, (7) Mathurai, (8) Ramanathapuram, (9) Tirunelveli, (10) Salem, (11) Coimbatore, (12) Nilgiris, (13) South Kanara and (14) Malabar. The word 'UNION' in these by-laws shall refer to the Madras State Tamil Nadu Malabar South Kanara Co-operative Union.

Objects

II. The objects of the Union are, within the area of operations to promote the Co-operative Movement and spread co-operative education, to serve as an exponent of non-official co-operative opinion, to organise and develop co-operative institutions and render necessary help and such other facilities to them from time to time, to organise co-operators meetings, conferences and seminars, to undertake and enable others to undertake rural reconstruction work and

(1) to publish the Co-operative Journals in Tamil and English (assist in publishing the Co-operative Journals in Malayalam and Canarese);

(2) to convene conferences of co-operators;

(3) to organise and run rural reconstruction centres and to arrange for the training of village guides;

(4) to establish and develop diverse types of co-operative institutions;

As Amended

Society under Madras Co-operative Societies Act VI of 1932. Its address is Madras. Its operation extends to the whole of Madras State. The word UNION, in in these by-laws shall refer to the Tamil Nadu Co-operative Union Ltd.

Objects

II. The objects of the Union are to promote the Co-operative Movement and spread co-operative education, to serve as the exponent of non-official co-operative opinion, within the area of operations of the Union, to organise and develop co-operative institutions and render necessary help and such other facilities to them from time to time, to organise co-operators meetings, conferences and seminars, to undertake and enable others to undertake rural reconstruction work and in particular:—

(1) to publish Co-operative Journals in Tamil and English.

(2) to organise public meetings, conferences of co-operators.

(3) to organise Seminars, Study Circles, Discussion Groups, Member Training Centres and to arrange for the training of village guides;

(4) to organise co-operative education through training classes and other appropriate means for non-official co-operators, and for supervisory and other administrative staff of non-official agencies prescribing courses of study and holding of Examinations;

As Existing

(5) to assist in the work of Central Co-operative Banks, Co-operative Supervising Unions and other affiliated co-operative institutions;

(6) to publish, purchase and sell books, leaflets, dramas, songs, cinema films, etc., bearing on co-operation and allied subjects;

(7) to maintain libraries;

(8) to maintain and subsidise co-operative institutes;

(9) to arrange for the exhibition of articles relating to agriculture, and cottage industries made by co-operative institutions;

(10) to act as information bureau on co-operative matters and to provide proper help in the matter of co-operative education and propaganda through magic lantern slides, cinema shows, songs, bajanas, dramas, etc.

(11) to conduct economic surveys of rural and urban areas; and

(12) to advise the Government on matters relating to the co-operative movement from time to time.

Membership

III. (a) All limited liability societies, co-operative supervising unions and unlimited liability

As Amended

(5) to assist in the work of Central Co-operative Banks, Co-operative Supervising Unions and other affiliated co-operative institutions;

(6) to publish, purchase and sell books, leaflets, dramas, songs, cinema films, etc., bearing on co-operation and allied subjects.

(7) to maintain libraries;

(8) to maintain and subsidise co-operative institutes;

(9) to arrange for the exhibition of articles relating to agriculture, and cottage industries made by co-operative institutions;

(10) to act as information bureau on co-operative matters and to provide proper help in the matter of co-operative education and propaganda through magic lantern slides, cinema shows, songs, bhajanas, dramas etc.

(11) to promote study and research of problems connected with rural welfare, in general and co-operation in particular and to conduct economic surveys of rural and urban areas.

(12) to raise funds according to these by-laws and administer the funds so raised;

(13) to advise the Government on matters relating to the co-operative movement from time to time;

(14) to act as an Employment Exchange for trained co-operative personnel and

(15) generally to do all such other acts as are incidental or conducive to the attainment of any or all of the objects aforesaid.

Membership

III. (a) All limited and guarantee liability societies, Co-operative Supervising Unions and unlimited

As Existing

societies having a share capital and reserve fund of not less than Rs. 5,000 and registered under the Co-operative Societies Act and established within the area of operations of the Union shall be eligible to become members of the Union. The Executive Committee may admit the members ;

(b) Membership in the Union shall cease under the following circumstances :

(1) When the registration of a member society is cancelled ; and

(2) When a member society continues to be in default in the matter of payment of annual contributions for a period of three years unless the Executive Committee otherwise directs.

As Amended

liability societies and registered under the Co-operative Societies Act and established within the area of operations of the Union shall be eligible to become members of the Union. The Executive Committee shall have the power to admit members on application from the institutions.

(b) Persons of knowledge and distinction in the field of Co-operation and Rural Welfare may be invited by the Executive Committee to be the Honorary Members of the Union. Their number shall not at any time exceed three and the term of their membership shall be three years, but they may be reinvited from time to time in the manner stated above to serve as Honorary Members for a fresh term. They shall have the right to vote at General Body Meetings. They are eligible to all offices in the Union and may vote in the Board of Management and the Executive Committee.

(c) Membership in the Union shall cease under the following circumstances :

(1) When the registration of a member is Society cancelled ;

(2) When a member society continues to be in default in the matter of payment of annual contributions for a period of three years, unless the Executive Committee otherwise directs.

(3) When the member society resolving to disaffiliate itself, provided that such resolution is duly communicated to the Union and is accepted by the Executive Committee.

(4) In the case of honorary members the honorary membership shall cease upon the member sending his resignation or on his death.

As Existing

V. Member institutions shall pay annual contributions as provided below :

	Rs.
(a) State Societies and Central Societies in Madras City	300
(b) Central Banks	200
(c) Central Stores	150
(d) Other Societies	10
(e) The annual contribution from member institutions shall be payable at the commencement of each co-operative year. It shall be payable before 31st December of the calendar year. Any arrears of amount not so paid shall be recoverable as debts to the Union.	

(f) The Executive Committee may, at its discretion, waive the contribution amount fixed for any member institution either in whole or in part and for any period.

As Amended

V. (i) Member institutions shall pay annual contributions as provided below ;

	Rs.
(a) State and Central Societies in Madras City	400
(b) Central Banks	200
(c) Central Stores and/or District Marketing and Supply Societies	100
(d) Urban and Agricultural Credit Societies and other non-credit Agricultural and non-Agricultural Societies with a working capital more than Rs. 5 lakhs	50
(e) Urban and Agricultural Credit Societies and Agricultural and non-Agricultural non-Credit Societies with a working capital more than Rs. 2 lakhs	25
(f) All Societies, whether credit or non-credit or agricultural or non-agricultural with a working capital more than Rs. 1 lakh.	15
(g) All Societies, whether credit, or noncredit agricultural or non-agricultural with a working capital less than Rs. 1 lakh.	5
(h) Honorary members need not pay any contribution.	

(ii) The annual contribution from member institutions shall be payable at the commencement of each co-operative year. It shall be payable before 31st December of the calendar year. Any arrears of amount not so paid shall be recoverable as debts to the Union.

(iii) The Executive Committee may, at its discretion, waive the contribution, amount fixed for any member institution either in whole or in part and for any period.

As Existing Publications

VI. The Union shall publish or subsidise the publication of the co-operative journals. The Union may also publish from time to time books, dramas, pamphlets, songs, etc., bearing on co-operative and allied subjects. The General Secretary or one of the Joint Secretaries shall be the Honorary Editor of the journal published by the Union. The Executive Committee shall have the power to appoint Sub-Editor or Editors that may be necessary from time to time and pay sufficient remuneration to such person or persons.

General Body

VIII. The General Body of the Union shall consist of delegates of member institutions and honorary members elected by the Executive Committee as per by-law No. 3.

XV. The General Body is the supreme authority on all matters relating to the management of the Union. Besides exercising general supervision and control, the General Body shall have the following powers and duties;

(i) To elect once in three years from among the members (i) a President, (ii) a Vice-President, (iii) a General Secretary, who shall be a resident at Madras (iv) Two Joint Secretaries and (v) a Treasurer, who shall be a resident at Madras.

(ii) to elect members of Board of Management as per these by-laws.

(iii) to alter, amend and enact any by-laws or subsidiary by-laws of the Union;

(iv) to consider the Annual Report and Accounts submitted by the Board of Management and

As Amended Publications

VI. The Union shall publish or subsidise the publication of the Co-operative Journals both in English and Tamil. The Union may also publish from time to time books, dramas, pamphlets, songs, etc., bearing on co-operative and allied subjects. The General Secretary or one of the Joint Secretaries shall be the Honorary Editor of the Journals published by the Union. The Executive Committee shall have power to appoint Sub-Editors or Editors that may be necessary from time to time and pay sufficient remuneration to such person or persons.

General Body

VIII. The General Body of the Union shall consist of delegates of the member institutions as mentioned in by-law No. 3. The Union is subject to the control of the General Body.

XV. The General Body is the supreme authority on all matters relating to the management of the Union. Besides exercising general supervision and control, the General Body shall have the following powers;

(i) to elect once in three years from among the members (i) a President, (ii) a Vice-President, (iii) a General Secretary, who shall be a resident of Madras, (iv) Two Joint Secretaries and (v) a Treasurer, who shall be a resident of Madras.

(ii) To elect members of the Board of Management as per these by-laws;

(iii) to alter, amend and enact any by-laws or subsidiary by-laws of the Union;

(iv) to consider the Annual Report and Accounts submitted by the Board of Management and

As Existing

adopt the same with amendments or remarks if any;

(v) to sanction the Annual Budget;

(vi) to determine the Travelling Allowance, sitting fees and daily allowance payable to members of the Board, Executive Committee etc.

(vii) to consider and decide upon complaints made against members of the Board;

(viii) to remove members;

(ix) to write off irrecoverable items of dues to the Union;

(x) to elect representatives to institutions in which the Union is affiliated; and

(xi) to consider other business that may be brought up by the Board of Management.

Board of Management

XVI. Subject to the control of General Body, the entire management shall vest in the Board. The Board shall consist of the following members:

(1) President	...	1
(2) Vice-President	...	1
(3) General Secretary	...	1
(4) Joint Secretaries	...	2
(5) Treasurer	...	1

(6) Members of the following sub-committees constituted as below from out of the elected representatives mentioned in by-law No. 9.

(i) *Credit Sub-Committee* (14 members).

3 members from Co-operative Central Banks;

1 member from the State Co-operative Bank;

1 member from Urban Banks;

3 members from Co-operative Supervising Unions;

1 member from Primary Land Mortgage Banks;

As Amended

adopt the same with amendment or remarks if any;

(v) to sanction the Annual Budget.

(vi) to determine the Travelling Allowance, sitting fees and daily allowance etc. payable to members of the Board, Executive Committee etc.

(vii) to consider and decide upon complaints made against members of the Board;

(viii) to remove members;

(ix) to write off irrecoverable items of dues to the Union; and

(x) to consider other business that may be brought up by the Board of Management.

Board of Management

XVI. Subject to the control of the General Body, the entire management shall vest in the Board. The Board shall consist of the following members:

(1) President	...	1
(2) Vice-President	...	1
(3) General Secretary	...	1
(4) Joint Secretaries	...	2
(5) Treasurer	...	1

(6) Members of the following sub-committees constituted as below from out of the elected representatives mentioned in by-law No. 9.

(i) *Credit Sub-Committee* (17 members).

3 members from Co-operative Central Banks.

1 member from the State Co-operative Bank;

1 member from Urban Banks;

3 members from Co-operative Supervising Unions;

1 member from Primary Land Mortgage Banks;

As Existing

2 members from House Construction and Building Societies and House Mortgage Banks ;

1 member from Madras Co-operative Central Land Mortgage Bank ;

2 members from other Societies.

(ii) *Stores Sub-Committee* (5 members):

3 members from Central Co-operative Stores ;

2 members from Primary Co-operative Stores ;

(iii) *Education and propaganda Sub-Committee* (7 members):

2 members at one each from Coimbatore and Tanjore Co-operative Institute ;

1 member from State Co-operative Bank ;

2 members from Co-operative Central Banks ;

1 member from South India Co-operative Insurance Society ;

1 member from the Madras Co-operative Fire and General Insurance Society.

The members of the Education and Propaganda Sub-Committee shall elect the Editorial Committee of the Journals published by the Union.

(v) *Producers Sub-Committee* (9 members):

1 member from Madras State Handloom Weavers Co-operative Society.

2 members from Primary Weavers Societies ;

1 member from Cottage Industries Societies ;

2 members from Milk Supply Unions with one from Madras Co-operative Milk Supply Union ;

1 member from Milk Supply Societies ;

2 members from Agricultural Societies ;

As Amended

2 members from House Construction and Building Societies and House Mortgage Banks ;

1 member from Madras Co-operative Central Land Mortgage Bank ;

1 member from Employees Co-operative Societies and other non-agricultural Credit Societies ;

3 members from agricultural credit societies, Agricultural Banks and Rural Banks ;

1 member from the Co-operative Fire and General Insurance Society Ltd.

(ii) *Stores Sub-Committee* (7 members):

3 members from District Co-operative Wholesale Stores and/or District Marketing and Supply Societies ;

4 members from Primary Stores ;

(iii) *Education and Propaganda Sub-Committee* (6 members):

3 members at one each of the three Co-operative Training Institutes at Tanjore, Coimbatore and Madurai.

1 Honorary member ;

2 members from Co-operative Central Banks ;

(Note: Representatives of the State and other Co-operative Institutions may be invited to participate in the Education Committee.)

The members of the Education and Propaganda Sub-Committee shall have the power to constitute Editorial Sub-Committee of the Journals published, whose strength shall not exceed five members.

(iv) *Producers Sub-Committee* (9 members):

1 member from Madras State Handloom Weavers Co-operative Society ;

As Existing

(v) *Marketing Sub-Committee* (7 members):

1 member from any one of the Marketing Federation in the State ;

1 member from Primary Weavers Societies ;

3 members from Loan and Sale and other Marketing Societies ;

2 members from other Agricultural Marketing Societies.

As Amended

2 members from Primary Weavers Societies ;

1 member from Cottage Industries Societies ;

3 members from Milk Supply Unions with one from Madras Co-operative Milk Supply Union ;

1 members from Milk Supply Societies.

1 member from Agricultural Societies ;

(v) *Marketing Sub-Committee* (11 members)

5 members from Marketing Societies inclusive of the Marketing Federations.

1 member from Processing and Marketing Societies ;

2 members from Primary Weavers Societies ;

1 member from the Madras State Weavers Co-operative Society ;

1 member from the Milk Supply Unions

1 member from the Milk Supply Societies ;

5. Resolutions and motions, if any, of which due notice is given.

Resolution Notice given by Sri R. S. Veerappa Chetty of Dharmapuri Co-operative Union.

(1) Resolved to request the Registrar of Co-operative Societies, Madras to make provision in the By-laws of Co-operative Institutions for raising interpellations in the meetings of Co-operative Institutions, to elicit information as regards to the working of the Institutions.

"Resolved to refer to Executive Committee."

(2) Resolved to request the Registrar of Co-operative Societies, Madras to permit the primary Land Mortgage Banks to amend By-law 58 of the By-laws of the

Primary Land Mortgage Banks to facilitate them to create building fund, reserve for payment of Bonus to their employees out of their net profits, like the other Co-operative Institutions in the State.

"Resolved to refer to Credit Committee."

(3) Resolved to request the Government through the Registrar of Co-operative Societies, Madras, to stop lending loans for land improvement purposes by Government, where the Primary Land Mortgage Banks are functioning.

"Resolved to refer to the Credit Committee."

(4) Resolved to request the Central Banks and Central Stores

in the State to extend the free educational and medical facilities to their employees and their dependents as in the case of the employees of Government and other Local Bodies.

"Resolved to refer to Executive Committee."

Resolution Notice given by Janab L. M. Gulam Ahmed, Representative of the Lalgudi Co-operative Bank.

Amendments to the proposed amendments to by-laws :

(1) II (1) Delete "and English"

(2) III (b) After "three" into "nine."

(3) Add the following as XVII (a)

No member of the Board shall hold office for more than two consecutive terms.

"Not pressed"

Resolution Notice given by Sri A. Veerappa Pillai of the Salem Co-operative Urban Bank Ltd.

(1) சென்னை ராஜ்யத்திலுள்ள கூட்டுறவு மேற்பார்வை யூனியன்களுக்கு நியமிக்கப்படும் குமாஸ்தாக்களுக்கு கூட்டுறவு பயிற்சி அவசியமில்லை என யூனியன் பைலாக்களில் விதி திருத்தப் பாடு செய்ய சென்னை ராஜ்ய கூட்டுறவு ரிஜிஸ்திரார் அவர்களை கேட்டுக்கொள்ளுதல்.

"Resolved to refer to Executive Committee."

(2) பலதரப்பட்ட கூட்டுறவு சங்கங்கள், பாங்குகள் இவைகளில் வேலை செய்யும் நிரந்தர சிப்பந்திகளுக்கு இலவச இன்ஷியூரன்ஸ் திட்டம் ஏற்படுத்தி வசதி செய்தல்.

"Resolve to refer to Executive Committee."

(3) ராஜ்ய சர்க்கார் நீண்ட கால கடனாக 20 வருட வாய்தாவுக்கு கடன்கள் வழங்குகின்றனர் கூட்டுறவு நில

அடமான பாங்குகள் மூலம். அது போலவே அர்பன் பாங்குகளிலும் தற்போது உள்ள 5 வருட வாய்தாவை 10 வருட வாய்தாவாக நீடித்துக் கொடுக்குமாறு கோருதல்.

"Resolved to refer to Credit Committee."

(4) சென்னை ராஜ்ய கூட்டுறவு யூனியனில், யூனியன் டெலிகேட்டுகளுக்கு 3-வது வகுப்பு ரயில்வே வசதியை பிரயாண பத்தாவாக கொடுக்க யூனியன் பைலாவிடம் மாறுதல் செய்தல்.

"Not pressed"

(5) நகர கூட்டுறவு பாங்குகளில் பங்கு ஒன்றுக்கு ரூ. 1 பங்குத் தொகையாக இருந்ததை ரூ. 10-ஆக உயர்த்தப்பட்டிருக்கிறது. இவ்வளவு தொகையைக் கட்ட மெம்பர்களால் முடியாது. மெம்பர்களுக்கு இதனால் பணக் கஷ்டம்தான் அதிகரிக்கிறது. நன்மையில்லை. ஆகையால் முன்மாதிரியே பங்கு ஒன்றுக்கு ரூ. 1 பங்குத் தொகையாக குறைத்துக் கொள்ள மேற்படி பாங்குகளுக்கு உத்திரவு அனுப்பும்படி ரிஜிஸ்திரார் அவர்களை கேட்டுக்கொள்ளுதல்.

"Resolved to refer to Credit Committee."

(6) ஸ்தல ஸ்தாபன ஜில்லா போர்டு தேர்தல்களில் கூட்டுறவு பாங்குகள் சங்கங்களில் உள்ள சிப்பந்திகள் தேர்தலில் நிற்கக்கூடாது என்று உள்ள சர்க்காரின் உத்திரவை மாற்றி மேற்படி சிப்பந்திகளும் தேர்தலில் நிற்க வகை செய்யும்படி சர்க்காரை ரிஜிஸ்திரார் மூலம் கேட்டுக் கொள்ளுதல். மேற்படி உத்திரவு ஒரு சாதாரண மனிதனின் ஜனநாயக உரிமையைப் பறிப்பதாகும். இந்திய அரசியல் சட்டத்திற்கும் முரணானதாகும்.

"Resolved to refer to Executive Committee."

(7) யூனியனில் வெளியிடப்படும் மாதாந்திர ஜர்னல் தமிழிலேயே அச்சிடும்படி செய்தல்.

"Not pressed."

Thirteenth Tamil Nadu Co-operative Conference Convened by the Tamil Nadu Co-operative Federation

1. The Thirteenth Tamil Nadu Co-operative Conference will be held under the auspices of the Mathurai District Co-operative Central Bank Ltd., at Mathurai on the 28th and 29th December 1957. We request all the Co-operative Institutions in Tamil Nadu to participate in the Conference and make it a success.

2. The Conference is meeting at a time, when many important problems like the transfer of the function of financing marketing and processing societies from the Reserve Bank of India to State Bank of India, the measures to be taken to build up the Central Co-operative Bank at Nagercoil, the various steps to be taken to expedite the co-operative development schemes during the second year of the Second Five Year Plan are calling for immediate attention and solution.

3. We appeal to all the co-operative institutions in the State to donate liberal amounts for the successful conduct of the Conference. We request the Societies to send (1) Donations, (2) Delegate Fees, (3) Boarding fees, (4) Resolutions electing the delegates and other details to the Secretary, The Mathurai District Co-operative Central Bank Ltd., P.B. No. 14, Mathurai. The resolutions to be moved at the Conference should be communicated to the Tamil Nadu Co-operative Federation, Coimbatore.

The procedure for sending delegates to the Conference are as follows:—

10

4. I. Delegates :

1. State Co-operative Institutes, Language Federation—(Each 10 delegates.)

2. Central Banks—(Each 5 delegates.)

3. Central Stores, District Marketing and Supply Societies, Marketing Federation, Training Institutions—(Each 3 delegates.)

4. Co-operative Unions—(Each 2 delegates.)

5. Primary Stores, Weavers Societies, Urban Banks, Rural Banks, Agricultural Banks, Marketing Societies, Village Credit Societies, Land Mortgage Banks Building Societies House Mortgage Banks, Ex-servicemen Societies, Cottage Industrial Societies, Milk Societies, Land Colonization Societies, Co-operative Farming Societies, Agricultural Development Societies, Press Societies and other types of Societies.—(Each 1 delegate.)

Note : Societies in Nagercoil area may also send delegates to the Conference.

II. Delegate Fees :

Each delegate should remit Rs. 2 as delegate fees.

III. Boarding and Lodging Facilities :

Arrangements will be made for the boarding and lodging of the delegates for the two days. Each delegate shall have to pay Rs. 6 as boarding and lodging fees.

IV. Resolutions :

The resolutions to be moved at the Conference by the delegates

should be sent to the Secretary, Tamil Nadu Co-operative Federation Limited, Coimbatore before 15-12-1957.

6. We request the societies to send the delegate Forms duly filled in, together with delegate fees, boarding and lodging fees, donations etc. before 10-12-1957 to the Secretary, The Mathurai District Co-operative Central Bank Ltd., Mathurai.

R. K. VEERAPPA NAIDU,
Vice-President,
The Madurai District Co-operative Central Bank Ltd.,
Vice Chairman,

A. M. MADHURAI PULI GOUNDER,
President,
The Mathurai District Co-operative Central Bank Ltd.,
Chairman,

Reception Committee.

D. Krishnamoorthy Gounder,
N. S. Ramalingam
M. S. Palaniappa Mudaliar
A. R. Ramakrishna Naidu

Reception Committee.

... *President.*
... *Vice-President.*
... } *Secretaries.*

TAMIL NADU CO-OPERATIVE FEDERATION.

V. ALAGAPPAN, B.A., B.L.,
Secretary,
Mathurai District Co-operative Central Bank Ltd.,
Secretary,
Reception Committee.

7. *Exhibition :*

An Exhibition will be held in connection with the Conference. We request all the Co-operatives in Tamil Nadu to send their products to the Exhibition. A stall fee of Rs. 10 will have to be paid for each stall.

8. We request all the Co-operative Institutions in the State to co-operate with us to make the Conference a success.

G.O.'s AND CIRCULARS

G.O.'s and Circulars

CONTROLLED CREDIT SCHEME—POPULARISATION OF

Circular of the Registrar of Co-operative Societies, Madras.

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S.,

Registrar.

Re. No. 138079/57-A 1.

Dated 10-9-57

SUB: Co-operative Central Banks—Controlled Credit Scheme—
Popularising of—Instructions issued.

The Narayanaswamy Pillai Committee on Co-operation has observed in its Report that one of the reasons for not extensively or successfully implementing the controlled credit scheme was that the District Co-operative Central Banks have not been evincing adequate interest in the effective implementation of the scheme. The Central Banks are aware that under the Second Five Plan, a scheme of integrated credit and marketing has been formulated, and it is under implementation. A Special Deputy Registrar for implementing the Scheme has also been appointed in each Central Bank area (except Pudukottai) and each marketing society selected for working the integrated scheme is given the services of a Co-operative Sub-Registrar or a Senior Inspector. The Departmental Officers will help in conjunction with the Central Banks

to tone up the controlled credit scheme. It is needless to state that if the full benefits of increased and improved agricultural production are to be reaped by the ryots, they should be helped to market their produce through the marketing societies at the maximum price available. This will be possible only, if the controlled credit scheme is implemented in an effective manner by providing adequate incentives to the members of the credit societies to join the scheme. The Salem Co-operative Central Bank with a view to popularise the scheme has been giving a rebate of $\frac{1}{4}$ per cent of interest on loans issued under the controlled credit system provided the produce is brought by the members to the marketing society. This example is commended for adoption by the other Central Banks to the extent their financial resources permit.

A. PALANIAPPAN,
Registrar.

CO-OPERATIVES AND SAVINGS

Circular of the Registrar of Co-operative Societies, Madras.

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S.,

Registrar.

Re. 135916/57-A, 1.

Dated, 25-9-1957.

SUB: Co-operatives—Collection of savings—Instructions—Issued.

The Central Banks are aware, societies, their membership and that in recent years, there has their loan transactions. The been a large increase in the scheme of integrated credit under number of agricultural credit the Second Five Year Plan,

envisages that 75 per cent of the villages and 50 per cent of the rural families should be brought within the co-operative fold, and that a phased programme is being implemented to achieve these targets. These developments have created an increasing demand for credit on the central banks from the rural credit societies, resulting in increased borrowings by the central banks from the Reserve Bank.

2. The rural credit society is intended not only to dispense credit, but to mobilise rural savings; indeed a substantial part of its funds should be raised by way of local deposits, instead of by loans from the central bank. No doubt, in recent years, there has been an increase in the amount of deposits tapped by the rural credit societies. The deposits received by rural credit societies have increased from Rs. 35 lakhs in 53-54 to Rs. 50 lakhs in 55-56; but this increase has not kept pace with the increase in the borrowings of the societies from the Central Banks, which have increased from Rs. 368 lakhs in 53-54 to Rs. 545 lakhs in 55-56. It must be said that the funds raised by societies by mobilising rural savings, are not appreciable.

3. Mobilisation of rural savings, serves the twin objects of meeting the increased demand for production credit, as well as encouraging the habits of thrift among rural people. In 1951, a drive for mobilising rural savings was launched by the Department with the object of collecting fixed deposits, to the extent of at least Rs. 2 crores. This drive resulted in securing a little over a crore of rupees. It was not, however, repeated in the subsequent years. The efforts for collecting savings should not be spasmodic, but should be sustained and syste-

matic. Every member of a co-operative society should be induced to save and put his money in the society, however small it may be. The working of the rural co-operative banks and co-operative agricultural banks formed in the last two years has revealed that it is possible to raise large amounts by way of deposits in rural areas. Though started recently, the few rural banks and agricultural banks were able to hold deposits to the tune of Rs. 9.43 lakhs and Rs. 2.6 lakhs respectively on 30-6-56. This is an indication that there are savings in rural areas, which could be channelled into the rural co-operative institutions, given the proper methods and the incentives.

4. There are several ways in which co-operatives could tap rural savings. Some of them are indicated below:—

1. Collection of share capital

The rural credit societies are collecting share capital from the members in proportion to the amount of loans required by them, usually in the proportion of 1:10. The share capital collected in most cases, is just the amount required under the by-laws for raising loans, and in a number of cases, it is adjusted to the loan account when the final payment towards the loan is made by the member. It should be the endeavour of the co-operatives to induce their members, not to resort to adjustment of share capital to their loan accounts, at least till a suitable minimum share capital is reached, say Rs. 50 or a lower amount, according to the general capacity of the members to contribute towards the share capital of the society. The members should be induced to take additional shares every year, say at the time of the harvest, or at some

other appropriate time, when the ryots are in possession of funds.

Increase in share capital should be accompanied by an effort to give the members, a reasonable return for the investment. Otherwise there will be no incentive for the members to invest more than what is necessary, in shares. The societies should endeavour to declare a reasonable dividend on share capital; by doing sufficient loan business and earning net profits.

II. Collection of deposits.

The model by-laws of the agricultural credit societies, agricultural banks and rural banks, contains provisions for receiving fixed deposits, recurring deposits, home-safe deposits and also for running chit funds. The member of co-operative societies as well as non-members should be induced to put money in fixed deposits in the society. Persistent efforts on the part of the society may be expected to bring in more deposits. Interest on fixed deposits may be paid at the same rate at which funds are borrowed from the Central Bank. The rate should be sufficiently attractive and the rich land-owners and others may be approached to invest money in fixed deposits.

Recurring deposits should also be tapped from members and non-members. They can easily be tapped from school-teachers, village post masters and others having a regular monthly income. They can also be tapped from other members who, besides being agriculturists, are having other occupations such as milk supply poultry farming, etc., and are in receipt of a monthly income.

The popularisation of homesafe deposits, is another important step that will bring in more savings.

To encourage savings under this head, each member should be required to specify the purpose for which he wishes to save, for example, making an ornament for his wife or daughter or celebration of marriage, performance of a religious obligation, etc. The psychological effect of this arrangement will be to create an urge for accumulating money in the home-safe, which would otherwise be frittered away. The celebration of "thrift days" periodically ought also to give further inducement to such savings.

Chit funds

Chit funds afford a convenient method of tapping rural savings. There is provision in the model by-laws for running chit funds, but this provision has remained a dead letter in most Societies. When chit funds are conducted on a large scale by private individuals and institutions, there is no reason why they should not be popular in the cooperatives. Apparently, there is need to relax certain provisions of the by-laws to make them popular among members of co-operatives. At present, the by-laws prescribe that the duration of chit funds should not exceed 24 months. It has been suggested that as the villagers do not have a monthly income, collection of subscriptions to the chit funds once a quarter or half-year may be permitted and that the period of the chit may be extended to 36 months. The Registrar has no objection to the by-law being suitably amended to give effect to these suggestions. It has also been represented, that the maximum discount permissible under the model by-laws is only 9 per cent and that, if this is slightly raised, there will be greater response to chit funds. The Registrar has no objection to consider an enhancement of the

quantum of discount, upto 12 per cent in cases, where this will be sufficient inducement to attract subscribers to the Fund.

III. Contribution to a thrift deposit

In employee's societies, all the members are required to contribute to a thrift deposit, irrespective of the fact, whether they borrow or not. The Registrar sees no reasons, why a similar provision should not be made in the by-laws of agricultural credit societies, agricultural banks and rural banks. Even though all the members may not be required to contribute to a thrift deposit, at least the borrower-members may be required to do so, once in a half-year at the time of harvest. As a first step, this practice may be introduced in the rural banks

and agricultural banks. It may be insisted as a qualification for borrowing, that a member should agree to deposit a specified amount, at the time of the next harvest, and this agreed amount should be collected by persuasion, when the loan instalments are collected from him.

4. The Central Banks are requested to consider the above suggestions and issue suitable instructions to their affiliated societies and field staff. The Central Banks may also award prizes or rewards to the society which taps the highest amount of deposits (in relation to its borrowings) in each co-operative year. This will serve as an incentive to the co-operatives to tap more and more deposits.

A. PALANIAPPAN,
Registrar.

SERVICE CONDITIONS OF EMPLOYEES

Circular of the Registrar of Co-operative Societies, Madras.

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S.,

Registrar.

Re. 40515/56-A, 1.

Dated, 29-9-57.

SUB : Co-operative Central Banks-special by-laws relating to service conditions of employees—Amendments—suggested.

REF : Registrar's Circular Re. 152784/55-A, 1 dated 24-6-56.

In the Registrar's Circular cited, the Central Banks were informed that the National Diploma in Commerce might be recognised as equivalent to the B. Com. Degree for purpose of recruitment and that they might adopt necessary amendments to the special by-laws relating to the service conditions of the employees. Most of the Central Banks have not yet given effect to it. A model amendments to clause (a) of Special by-laws 2 (1) is suggested below :

2. According to clause (b) of Special by-law 2 (1), a course of

training undergone in the Government Institute of Commerce Madras, or in the Central Co-operative Institute, Madras or a Course of training undergone before 1938 in any of the mufassil Institutes has been prescribed as one of the qualifications for the posts of Secretary, Assistant Secretary, Manager or Executive Officer of a District Co-operative Central Bank. It has since been decided in consultation with the Madras State Co-operative Union and the Madras State Co-operative Bank to recognise the training,

undergone in the Regional Co-operative Training centres for intermediate or senior personnel conducted by the Central Committee for Co-operative Training and Education set up by the Reserve Bank of India as a

qualification under the special by-law. Necessary amendments to the model special by-laws of District Co-operative Central Banks to give effect to the above decision are given below :

As existing

Special by-law 2 (1) :

(a) The degree of B. Com. (Hons), or B. A., or B. Com., or B. Sc., of any of the recognised Universities and

(b) A course of training undergone in the Government Institute of Commerce, Madras, or in the Co-operative Central Institute Madras or a course of training undergone before 1938 in any of the mufassil Institutes and

As to be amended

(a) The Degree of B. Com. (Hons.) B.A., or B. Com., or B.Sc., of any of the recognised Universities or the National Diploma in Commerce awarded by the All India Council for Technical Education and

A full course of training successfully undergone in the Central Co-operative Institute Madras or in any one of the Regional Co-operative Training Centres for Intermediate or Senior Personnel conducted by the Central Committee for Co-operative Training and Education set up by the Reserve Bank of India.

Add the following as Note (iii) under special by-law 2 (1) :

A person who has successfully undergone the course of training in the Co-operative Training Centres conducted by the Central Committee for Co-operative Training referred to in sub-clause (b) of clause I above shall be exempted from passing the examination mentioned in sub-clause (c) of Clause I.

All the Co-operative Central Banks are requested to adopt the above amendments early.

A. PALANIAPPAN,
Registrar.

News and Notes

Inauguration of Kulayankarisal
Co-operative Bank, Tuticorin

The Kulayankarisal Co-operative Agricultural Bank was organised to cover Kulayankarisal, Servaikaranmadam, Mullakadu and Kootumpuli hamlet of Kumaragiri Village. The Bank was registered by Sri D. A. Susainathan, Deputy Registrar, Tuticorin at the Joint General Body Meeting held on 20th September 1957, presided over by Sri G. Rathnaswamy Nadar at Bodamanalpuram, Sri A. P. C. Veerabahu, M. L. A. inaugurated the Bank. Messrs. D. Susainathan, Deputy Registrar, Tuticorin, V. Ramamoorthy, Special Deputy Registrar for Credit and Marketing, Tirunelveli, M. Jeyapandian and Venkataraman, Block Development Officer also addressed the meeting.

Inauguration of Nainarpalayam Land
Colonization Scheme

The Nainarpalayam Land Colonisation Scheme was inaugurated on 25th September 1957 by Sri Parthasarathy Naidu of Kallakurichi. Messrs. V. M. Sivaramakrishnan, R. D. O., Tirukkoilur, P. Thiagarayan, Block Development Officer, Chinnasalam, Ranganathan, Block Development Officer, Kallakurichi and Rev. Father Chauvett spoke on that occasion.

According to the scheme, 32 landless Harijans will be given 192 acres of land for cultivation. The Government will give a subsidy of Rs. 30,240 and interest free loans of Rs. 8,360 for purchase of bulls, implements etc.

The Government have sanctioned the appointment of a Senior Inspector to attend to the preliminary work. This is the first

land colonization scheme in South Arcot District.

Katpadi Co-operative Union

A General Body Meeting of the Katpadi Co-operative Union in North Arcot District was held on 4th October 1957 at Melsannankuppam. After accepting the Audit Report for 1956-57 and budget estimates for 1957-58, the meeting unanimously elected Messrs. K. Varadaraja Mudaliar, N. Balakrishna Naidu, R. Doraiswamy Mudaliar, Thanikachalam Pillai, Seetharama Reddiar and R. Lakshmana Mudaliar to be the Governing Body members of the Union for the next three years, commencing from 1st November 1957. Shri K. Varadaraja Mudaliar, President of the Union presided. Messrs. P. Govindan, Executive Officer, The North Arcot District Co-operative Central Bank Ltd., C. M. Janarthanam, Associate Editor, *"The Madras Journal of Co-operation"* spoke on the occasion, about the importance of organising "Agricultural Banks" in the area. Sri Rangabashyam, Secretary, the North Arcot District Co-operative Central Bank Ltd., and Sri V. Karunakaran, President, the Melsanankuppam Co-operative Credit Society were also present.

Tirupattur Town Co-operative
Bank Ltd.

The annual General Body Meeting of the Tirupattur Town Co-operative Bank, Tirupattur, North Arcot was held on June 29, 1957, Mr. G. Swami Naidu presiding. The annual report of the Bank for the year ending 30th June 1956 was adopted. The Report revealed a net profit of Rs. 15,958-5-0, a dividend of 6½ per cent, a working capital of Rs. 8.53 lakhs and a turn over of

Rs. 7.24 lakhs. The Budget Estimate for the year 1957-58 was adopted and several amendments to the by-laws were carried.

Sri P. M. Chengappa's Foreign Tour

Sri P. M. Chengappa, Principal Poona Co-operative College was on a Foreign Tour. He was a member of the Farm Leaders Delegation and visited U.S.A. and Mexico from 16th April 1957 to 1st August 1957. The object of the Delegation was to study the working of Farms, Farm Organizations, Co-operatives and Land Grant Colleges. The Delegation visited and toured 12 States in U.S.A. The Delegation was sponsored jointly by U.S.A. and India.

After the conclusion of the tour in U.S.A. and Mexico, Sri P. M. Chengappa visited Canada and England and attended the I.C.A. Congress in Stockholm. He also visited a member of Co-operatives in Sweden, Finland, Denmark, Germany, France and Italy. He visited many co-operative educational institutions in those countries and he had become convinced that the main reason for the progress of Co-operative Movements in those countries had been the emphasis on Co-operative education.

He has returned to India on the 12th September 1957.

Inauguration of the Co-operative
Agricultural Bank at Valadi.

Sri R. Venkataraman, Minister for Industries, Labour and Co-operation inaugurated the Valadi Agricultural Bank, Thiruchy District on 27th September, 1957. He said that Co-operative Movement was destined to play an important role in the uplift of the masses. He hoped that the Bank would offer a full complement of credit and banking services to the

villages. He said that warehousing scheme would provide them with additional security like the warehousing receipts for borrowing for credit-worthy uses. He wished the Bank success.

Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies Madras then addressed the gathering. He said that Co-operatives were providing only 18 per cent of the credit requirements of the villagers. In order to help even those, without proper security, he appealed to all big landowners to offer "Security Dhanam." He also appealed to both members and non-members to make "Deposit Dhanam" to the Bank, in order to build up its resources.

Sri T. S. Muthukumaraswami Pillai, who presided over the meeting explained the growth of the Bank and exhorted the villagers to participate in the activities of the Bank and make it a success.

Dr. Punjab Rao Deshmukh meets
Co-operators in Ahmedabad.

Dr. Punjab Rao Deshmukh, Union Minister for Co-operation met the Co-operators of Ahmedabad at Akhandanand Hall under the auspices of Gujarat Divisional Co-operative Board on 21st Sept. 1957. Shri L. H. Patel, Chairman of the Board welcomed the Minister.

Dr. Pnjabrao Deshmukh, Union Minister for Co-operation said that Co-operatives should also take up import-export trade. He stressed that efforts should be made to popularise and strengthen co-operative marketing system. He also emphasised the value of co-operative propaganda and the significance of co-operative farming. Then a discussion took place, in which Shri G. L. Parikh and P. B. Desai participated.

Shri B. Setalvad proposed a vote of thanks.

The Adiyr Harijan Co-operative Housing Colony

Under the centrally sponsored Housing Scheme, a Co-operative Housing Society for the benefits of 42 harijan families was started in March 1957 and as per the allotment sanctioned by the State Government, 25 houses (12 twin houses and one single house) each costing Rs. 750 have been constructed. The Honourable Minister for Harijan Welfare Sri Kakkan opened the Colony in the presence of a huge gathering of both Harijans and Non-Harijans.

A Welcome Address was read and presented to him by Sri Kuppaswamy on behalf of the Directors of the Society requesting therein further sanction to construct the remaining 17 houses and give a free grant of Rs. 1,000 from Harijan Welfare Fund to repair the existing drinking water well in the Colony. Sri P. I. Subramaniam, Deputy Registrar of Co-operative Societies, Vellore, explained at the outset, the objects and advantages of constructing houses on Co-operative basis and informed the Minister that out of Rs. 17,500 sanctioned for the Colony, Rs. 14,500 have been spent so far and that all the 25 houses are almost fit for occupation. The latest type of Mahan Choolai furnace are being fitted for each house.

After inaugurating the opening ceremony of the one of completed houses, the Minister left for Chengam. In his speech, he appreciated the work done by the Co-operative Department in raising the colony on Co-operative basis and exhorted the harijans to understand the various benefits being done for them by the Congress Government and appealed to them, that they should

be faithful and co-operative with the Government. He also explained briefly how Mahatma Gandhi worked for the welfare of the Harijans.

The Chairman of the Tirupattur Municipality and all the 'M.L.A.s' of the Tirupattur Taluk were present at the function.

Madras Co-operatives' Protest

Madras Co-operatives Protest against the transfer of the function of financing marketing societies from the Reserve Bank of India to State Bank of India.

Resolution:

"This Institution, while reaffirming its faith in the solution offered by the Rural Credit Survey Committee in the matter of Integrated Rural Credit and Marketing and having worked successfully on the above recommendations, is of the view that any change in the pattern of financing of Marketing Societies by introducing the State Bank of India is detrimental to the development of co-operative marketing in the Country.

"This Institution therefore views with grave concern the proposed change in the pattern of the financing of the Marketing Societies, as any change in the present pattern by ousting the Co-operative Credit Structure would completely upset the Integrated Credit and Marketing Scheme; and the introduction of the State Bank of India in the pattern of financing the marketing societies would seriously retard the development of those societies, as the State Bank of India, by tradition, outlook and nature, is commercial."

The above resolution has been passed unanimously by the institutions listed on the next page.

The Tiruchirapalli District Co-operative Central Bank Ltd., Thiruchy.

The Salem Co-operative Central Bank Ltd., Salem.

The Co-operative Central Bank Ltd., Vellore.

The Madurai District Co-operative Central Bank Ltd., Mathurai.

The Salem Co-operative Marketing Society Ltd., Salem.

The Namakkal Taluk Co-operative Marketing Society Ltd., Namakkal.

The Keelamangalam Co-operative Marketing Society Ltd., Keelamangalam.

The Avanashi Co-operative Marketing Society Ltd., Avanashi.

The Bhavani Co-operative Marketing Society Ltd.

Sri Brahadambal Co-operative Marketing Society Ltd., Keeranur.

Gobi Co-operative Union Ltd., Gobi.

Sulur Co-operative Union Ltd., Sulur.

The Erode Local Co-operative Union Ltd., Erode.

Importance of Co-operative Member Education Stressed—Registrar's Appeal

The valedictory function of the Co-operative Membership education course sponsored by the Madras State Co-operative Union was celebrated in a fitting manner in the immediate and distinguished presence of Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras and Dr. P. Natesan, General Secretary of the Madras State Co-operative Union on the 27th October 1957 at Tirukkalukundram. The meeting

was largely attended by members of co-operatives and the general public.

In his presidential address, Sri A. Palaniappa Mudaliar, the Registrar of Co-operative Societies dealt at length on the facilities provided by co-operatives for the betterment of the village-folk and explained the significance of the co-operative education scheme now being implemented in Tirukkalukundram Block as an experimental measure. The Registrar said that Co-operatives and Panchayats were the two essential organisations suitable for village development. Co-operative approach is essential in agriculture as in other matters. Co-operatives are expected to keep aloof from party politics and there is no discrimination between the rich and the poor. People should consider the village as a big family and develop a spirit of mutuality for the betterment of their economic and social interests. He observed that the Co-operative Movement has made considerable progress in Madras. Yet the majority of the members cannot be said to have derived the full benefits from co-operation. Referring to the co-operative education scheme, the Registrar pointed out that training in co-operative principles and methods were necessary for employees as well as members and office-bearers of co-operatives. The training of members was gaining increasing importance in the light of the far-reaching developments contemplated under the Second Five Year Plan. He congratulated the State Co-operative Union on the achievement made in this direction.

In his address Dr. P. Natesan urged that the members should bestir themselves to the task of

building the edifice of Co-operative Commonwealth in India. At the outset he explained the several aspects of co-operative education scheme now being implemented in Madurai and Chingleput districts. Membership education scheme is financed by the Central and State Governments. The Co-operative Educational Instructor appointed in Tirukkalukundram National Extension Service block has visited thirty-villages so far and educated nearly 1,300 persons in the principles and methods of co-operation. He exhorted the members to understand the implications of co-operative methods, rules and regulations, in relation to the role of co-operatives both for the progress and promotion of their own economic interests. Unless they equip themselves fully, they will not be able to suggest correctives wherever necessary for the smooth running of administration of the societies.

Sri S. V. Doraisamy Mudaliar, District Publicity Officer, Chingleput also addressed the gathering.

Sri M. Mani, Co-operative Educational Instructor, who is in charge

of the member-education scheme in Tirukkalukundram National Extension Service block explained the principles of co-operation and summarised the various topics brought home to the members in the education course.

Sri N. Manickam, President of the Rural Housing Society and Sri R. P. Narasimhalu Naidu, Director of the Agricultural Bank expressed their sense of gratitude for the service rendered by the State Union through the conduct of the co-operative education courses. Earlier, Sri S. V. Kannan, President of the Tirukkalukundram Agricultural Bank welcomed the gathering. The meeting ended with a vote of thanks by Sri. A. Muthukumaraswamy Mudaliar, Secretary of the Chingleput Co-operative Supervising Union.

CORRECTION

In the descriptive narration, under the block "Inauguration of the Valadi Agricultural Bank", in the 3rd line, please read "27th September, 1957" for "27th October, 1957".

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Paid up Capital	...	Rs. 18,17,000.
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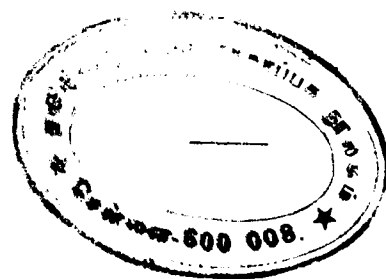
The principal of and the interest on debentures are guaranteed by the Government of Madras. They are TRUST SECURITIES and are also approved Securities under the Insurance Act, 1938. REDEMPTION FUNDS (SINKING FUNDS) are constituted to pay off the debentures on maturity.

*Summary of Balance Sheet as on 30—6—'57.

Liabilities.		Assets.	
	Rs.		Rs.
Paid up-Share Capital	18,17,000	Cash on hand and balance with Banks	94,744
Reserve and other Funds	23,69,303	Loans to Primary Banks	4,05,43,691
Debentures	5,13,64,600	Sinking Fund Investments	1,66,39,437
Deposits, Loans and Overdrafts	44,94,789	Other Investments	29,47,727
Sundry Liabilities	9,41,652	Sundry Assets	9,27,410
Net Profit	1,65,665		
Total	6,11,53,009	Total	6,11,53,009

*The figures are subject to revision after audit.

O. V. CHINNASWAMY, B.A., B.L.
Secretary.



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